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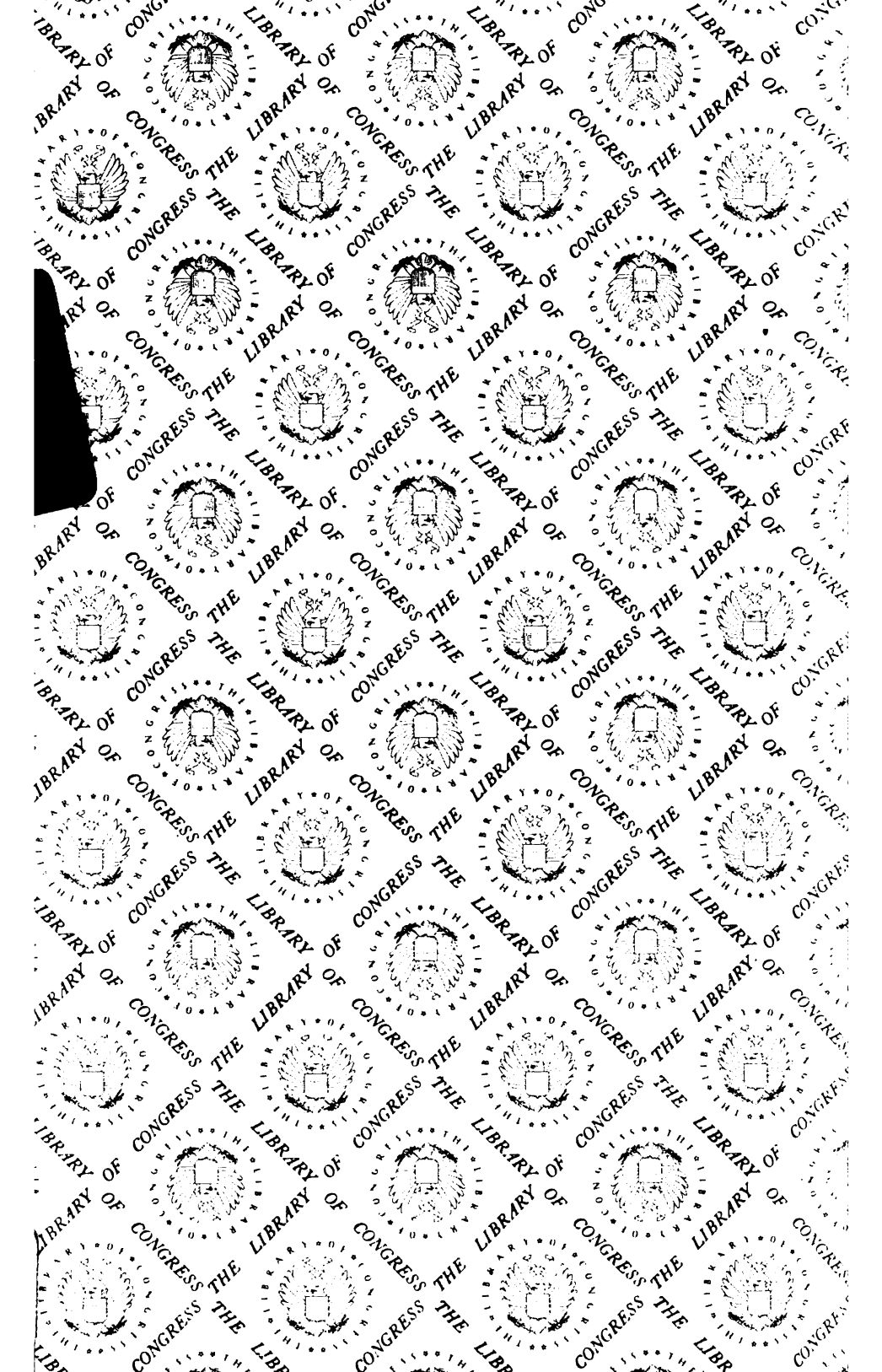
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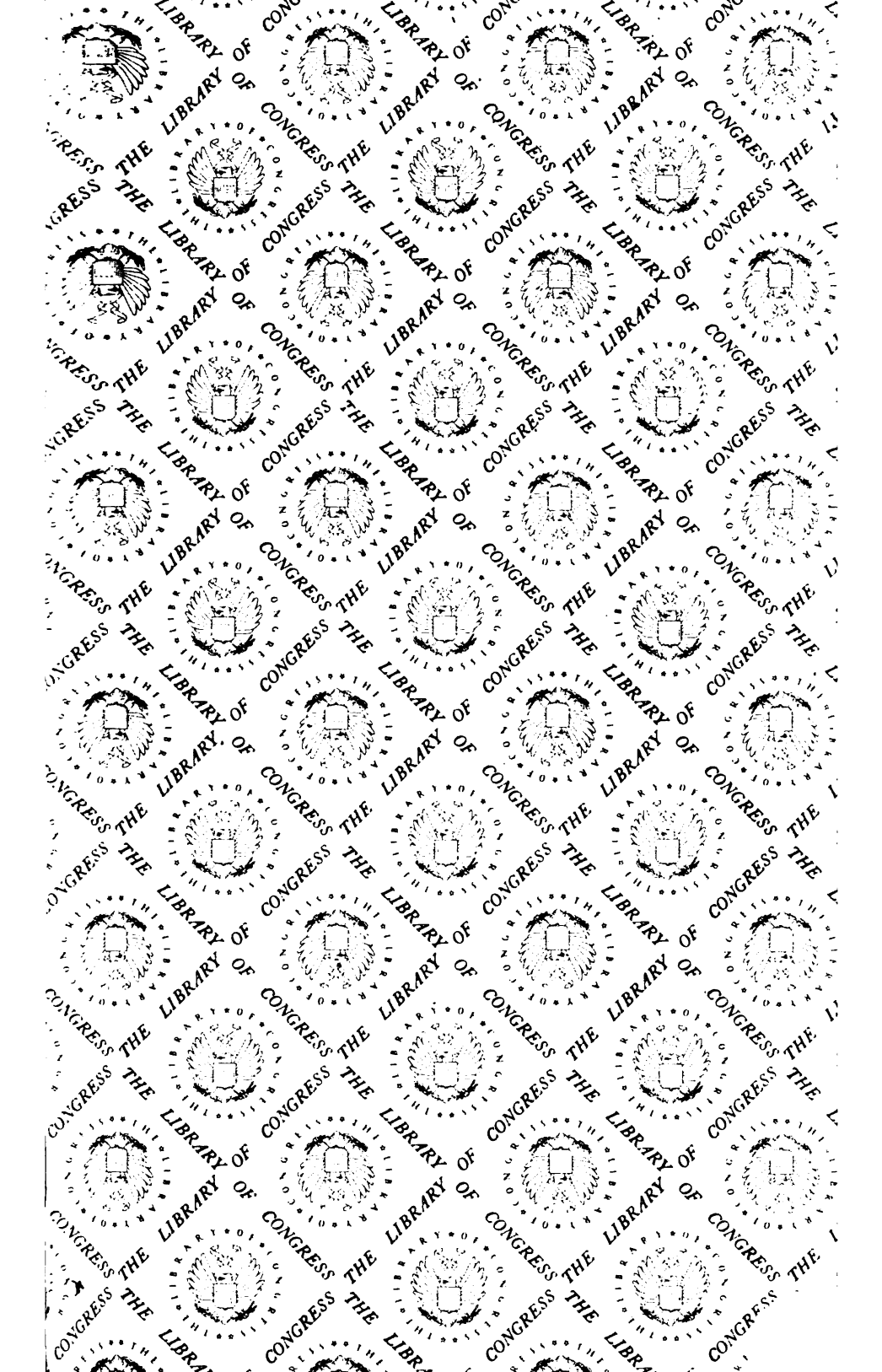
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**BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,**

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COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

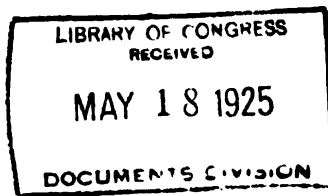
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II



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part 1

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Friday, November 20, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. The hearing this morning will be on the lumber schedule, and I understand that there are some representatives here who desire to be heard in favor of free lumber. We will hear those gentlemen first.

Is there any gentleman present who is prepared to take the initiative on that question? We will hear Mr. Theodore M. Knappen.

STATEMENT OF MR. THEODORE M. KNAPPEN, OF MINNEAPOLIS, MINN.

The CHAIRMAN. Please state to the committee your full name and residence.

Mr. KNAPPEN. Theodore M. Knappen, Minneapolis, Minn.

The CHAIRMAN. And your occupation?

Mr. KNAPPEN. I am engaged in the real estate business. I appear here as a representative of the general public, and also as secretary of an organization known as the National Forest Conservation League.

The CHAIRMAN. You may proceed.

Mr. KNAPPEN. Gentlemen of the Ways and Means Committee of the House of Representatives, I desire to submit some considerations in favor of the repeal of the tariff on lumber and forest products generally. It appears to us that there is a very direct connection between forest conservation and the tariff. We desire to address you from the standpoint of general national welfare and from the standpoint of the consumer of forest products, especially lumber. We are confident that there is an overwhelming public opinion in favor of the repeal of Schedule D, in general, though from lack of knowledge of facts regarding some of the items embraced in that schedule we would not undertake to say that everything therein should be placed on the free list, but there is no doubt in our minds that the tariff should be repealed on all items covering forest products, lumber, and unmanufactured wood which are produced in the United States.

In all tariff legislation those who are or who imagine they will be directly and extensively affected in their individual business interests are naturally ready and keen to present their side of the case. As a rule, what is the interest of the people as a whole affects each individual in his own business, and at the passing moment so slightly that interests which in the aggregate are immense and overpowering

often lack a proper presentation. Our league has therefore resolved to concern itself with this matter, and it is our hope to eventually make a showing that will prove what we believe is a fact, namely, that the common interests of the great consuming population of this country, and also those of national welfare, call for the repeal of the tariffs on forest products.

Throughout a large part of the country the people feel that it is unwise to tax importation of those raw products of which there is, so to speak, but one crop, such as coal, ores, and, practically, timber. It seems to them a good national economy to conserve the domestic supply of such products. The case of timber seems the most pressing, because we are now at least within a measurable time of its exhaustion. So we find that the President of the United States, in his last annual message, recommended free forest products; that the legislature of the State of Wisconsin has memorialized Congress to repeal the duty on lumber, and that until recently Wisconsin was one of the greatest lumber-producing States and is still near the top; that the 1908 Republican platforms of Minnesota and North Dakota call for the repeal of the duties on forest products, so also the Democratic national platform, and the Republican national platform makes a general declaration that many people have interpreted to mean repeal or reduction of the lumber duties. At any rate, those who are opposed to the repeal or revision of the lumber tariff characterize the Republican declaration as "dangerous to the lumber industry." Only yesterday the national organization of the Grange, representing a million farmers, adopted resolutions calling for the repeal of the duties on forest products. The Republican party is pledged to tariff revision, and the people will look to the lumber schedule as much as any other for a realization of that pledge.

In this paper we propose to show that the repeal of the tariff schedule under discussion is not contrary to any theory of the tariff, but is, in fact, free trade that protects. As we understand it, the main justification of the protective tariff has always been the desirability of protecting the high-priced labor of this country against the inferior-priced labor of other countries. We will show that so far as the subject under discussion is concerned such protection is no longer required. We maintain that our American forests are now so near their ultimate destruction that they require protection; that is, conservation, and that one potent way to conserve them is to broaden the source of supply for the immense American lumber market. The only way in which that supply can be immediately and effectively broadened is by drawing on the forests of other countries, which can only be accomplished by repeal of duties which restrict trade in forest products. Reforestization is a matter of one or two or, perhaps, three generations, and only by drawing on the supplies of other countries can we widen our source of supply and reduce the drain on our own forests.

If there was no timber in the United States no one would contend for the maintenance of a tariff on timber. If we are now on the verge of a timber famine, as many authorities, both practical and theoretical, concede, should we not take time by the forelock and by protecting our forests through legislation that will tend to reduce the drain upon them, put off the evil day?

First, then, we desire to present some facts showing the decline of our forests and the approach of a timber famine. Mr. R. S. Kellogg, chief of the Office of Wood Utilization in the United States Department of Agriculture, says, in Circular No. 129, 1907, that all the statistics and conservative estimates indicate that our present consumption of wood in all forms is equivalent to at least 100,000,000,000 board feet annually, and says that one leading authority has estimated the total consumption of wood in the United States at 150,000,000,000 board feet, and this takes no account of the destruction of timber by fire and natural causes. The total consumption of timber for lumber alone, in 1907, was 40,256,154,000 feet, according to a bulletin issued by the Department of Commerce and Labor.

Quoting Mr. Kellogg again:

The estimates of the forest area of the United States run from 500,000,000 acres to 700,000,000 acres, and it is safe to say that under present conditions the annual growth does not exceed 60 board feet per acre. This gives in one case a yearly increase of 30,000,000,000 feet and in the other case one of 42,000,000,000 feet. In other words, it appears that the annual growth of our forests does not exceed the amount of wood used for lumber alone. Considering all the drainage upon the forests, the annual consumption of wood is probably three times the annual growth.

The estimates of standing timber in the United States are by no means satisfactory. The most detailed ones range roughly from 1,400 to 2,000 billion feet. Assuming a stumpage of 1,400 billion feet, an annual use of 100,000,000,000 feet, and neglecting growth in the calculation, the exhaustion of our timber supply is indicated in fourteen years. Assuming the same use and stand, with an annual growth of 40,000,000,000 feet, we have a supply for twenty-three years. Assuming an annual use of 150,000,000,000 feet, the first supposition becomes nine years and the second thirteen years. Assuming a stand of 2,000 billion feet, the use of 100,000,000,000 feet and neglecting growth, we have twenty years' supply. Assuming the same conditions, with an annual growth of 40,000,000,000 feet, we have thirty-three years' supply. With an annual use of 150,000,000,000 feet, these estimates become, respectively, thirteen and eighteen years.

There is another way of looking at the question. The two leading kinds of lumber on the market now are southern yellow pine and Douglas fir. The cut of yellow pine is nearly one-third of the total lumber cut, and is nearly, if not quite, at its maximum. Our minimum and maximum estimates of yellow pine stumpage are 130,000,000,000 and 300,000,000,000 feet. The present rate of cutting will exhaust the supply in about ten years in the first case, and in twenty-five years in the second case, neglecting annual growth, which is rapid with old-field pine and slow with long-leaf pine. The largest estimate of the stand of Douglas fir is 350,000,000,000 feet. This means a seventy years' supply at the present rate of cutting, neglecting annual growth. As it is probable, however, that the cut will more than double within a few years, the outlook is that there will be comparatively little Douglas fir left in from twenty-five to thirty years. The case of Douglas fir now is closely parallel to that of white pine in the Lake States thirty years ago, and there is much reason for believing that the supply of fir outside of the national forests thirty years hence will be as limited as that of white pine now.

Mr. R. A. Long, a lumberman, in an address in January, 1903, before the Southern Lumbermen's Manufacturing Association, said that after a very careful inquiry as to the white and Norway pine of the Lake States, the yellow pine of the South, and the Pacific coast timber, predicted that within ten years the Lake States would probably play no larger part in the lumber supply of this country than did poplar at that time. As to the life of the southern yellow pine, he predicted that eighteen years would find it cutting no great figure in the lumber supply. Taking white pine, yellow pine, and Pacific coast timber all together, he estimated that the life of all was forty-one years. That is a practical lumberman's estimate.

In a paper on forest conservation presented at the conference on the conservation of natural resources in Washington last May, Mr. Long reviewed his prediction and said that so far as the supply of timber in the Lake States and that of southern yellow pine was concerned he was more confident of the correctness of his prediction after the lapse of five years than he was when he made it. He was not so sure as to the supply of the timber on the Pacific coast, but said that he did not believe that the total life of the forest supplies of the forests referred to would vary five years from the figure originally given. As for the idea that other woods would take the place of leading species named, Mr. Long said that he calculated that long before any of the woods in question had been exhausted practically all other woods in our nation—that is, all the other woods that may be used as substitutes—would have largely passed out of use. Mr. Long has little faith that substitutes for wood will curtail the demand for lumber. He points out that even in England, where nearly all of the lumber used is imported, the consumption per capita is increasing at the rate of 5 per cent per annum. In France it increases at the rate of 10 per cent per capita, which is also the rate of increase in this country.

Circular No. 97, prepared by Mr. R. S. Kellogg, of the Department of Agriculture, says that the original stand of white pine, including Norway, in the Lake States was estimated at 350,000,000,000 feet, and that since lumbering began there, some seventy years ago, the total cut has probably not been less than 250,000,000,000 feet. Continuing he says:

It is well known that the days of white pine are rapidly passing, and even accepting the most sanguine estimates of the present stumpage it will, in a few years, cease to be a large factor in the timber supply of the United States. The present annual cut is about 3,000,000,000 feet in the Lake States and 1,000,000,000 in the other States. The total is less than half the cut in the Lake States alone in the latter eighties.

At the annual meeting of the Northern Pine Manufacturers' Association in Minneapolis, Minn., January 22, 1907, Secretary J. E. Rhodes made this striking statement:

Since 1895, 248 firms, representing an aggregate annual output of pine lumber of four and one-half billion feet, have retired from business, due to the exhaustion of their timber supply. Plants representing approximately 500,000,000 feet capacity which sawed in 1906 will not be operated in 1907.

The white-pine industry reached its maximum eighteen years ago, and its output now is less than 50 per cent of what it was at that time.

The amount of hard-wood stumpage is very indefinitely known, and is determinable only with difficulty, owing to the scattered and uneven stands. It was estimated at some 435,000,000,000 feet by the census of 1880, at possibly 300,000,000,000 by the census of 1900, and at 400,000,000,000 by the American Lumberman in 1905. Whatever the total stumpage may be, that which is fit for the saw is rapidly decreasing. The hard wood cut in 1900 was 8,634,000,000 feet. Four years later, in 1904, it had fallen to 6,781,000,000 feet. The present annual cut of hard woods is about 5,000,000,000 feet, consisting of approximately 43 per cent oak, 12 per cent poplar, 9 per cent maple, and lesser amounts of numerous other species. Here we have evidently a declining industry.

In Circular No. 116, by Mr. William L. Hall, of the Department of Agriculture, special attention is paid to the waning hard-wood supply. He points out that owing to the decline of the hard-wood forests, Ohio and Indiana have already lost the main part of their hard-wood manufactures, and that other States are threatened with the loss of industries dependent on hard woods, such as hard-wood lumber manufactures, cooperage, furniture making, musical instruments, vehicle manufactures, agricultural implements, car building, railroad ties, telephone and other poles, and house finishing.

How intensely the whole country would feel the loss of its hard-wood timber, to an ample supply of which it has long been accustomed, can scarcely be realized.

Continues Mr. Hall:

Without hard wood for building purposes, for railroad ties, for the manufacture of furniture, cooperage, and vehicles, and for the varied other uses to which it is put, we should be in sad straits indeed. A general failure in crops may affect industrial conditions for a few years—a failure in the hard-wood supply would be a blight upon our industries through more than a generation. The situation in brief in this: We have apparently about a fifteen years' supply of hard wood now ready to cut. Of the four great hard-wood regions, the Ohio Valley States have been almost completely turned into agricultural States, and the lake States and the lower Mississippi valley are rapidly following their example.

In the Appalachian Mountains we have extensive hard-wood lands which have been culled and greatly damaged by fire. These are practically all in private hands, and while they contain a large amount of inferior young timber, they are receiving little or no protection, and even such young timber as exists is making but slight growth. Even if these cut-over lands be rightly managed they can not greatly increase their yield of merchantable timber inside of from thirty to forty years.

The inevitable conclusion is that there are lean years close ahead in the use of hard-wood timber. There is sure to be a gap between the supply which exists and the supply which will have to be provided. How large that gap will be depends upon how soon and how effectively we begin to make provision for the future supply. The present indications are that in spite of the best we can do there will be a shortage of hard woods running through at least fifteen years. How acute that shortage may become and how serious a check it will put on the industries concerned can not now be foretold. That it will strike at the very foundation of some of the country's most important industries is unquestionable. This much is true beyond doubt, that we are dangerously near a hard-wood famine and have made no provision against it.

Minnesota is the leading white-pine producing State, but even there the destruction of the forests has proceeded so rapidly that scores of towns and cities that were formerly great manufacturing centers have ceased to produce a stick, thus repeating the history of the rise and fall of lumber manufacturing centers in Michigan and Wisconsin. Eight years ago the city of Minneapolis was the largest lumber manufacturing center in the world. Now, it will scarcely produce 300,000,000 feet of lumber within a year, and it is predicted by lumbermen that the last sawmill will be abandoned in Minneapolis within five years. A friend calls attention to the fact that he recently took a journey of 200 miles north from Minneapolis, 170 miles of which was through a region once covered by one of the finest white-pine forests the world has ever known, and that in all that distance he saw only 10 acres of merchantable pine timber, and that was being preserved as a curiosity by its owners, the United States Steel Corporation. To cite another personal experience as graphically illustrates the decline of the forests even in the far West, I will say that on a

journey between Portland, Oreg., and Vancouver, British Columbia, a distance of about 270 miles, through the heart of the area covered by the original forest, not a single logging operation could be seen from the train.

Former Governor Van Zant, of Minnesota, who has been associated with the lumber industry for more than forty years, says that once there were 100 sawmills below Minneapolis on the Mississippi River and north of St. Louis, and that to-day there are only 2 mills left, and their wheels will cease to turn within another year.

Ten years ago southern or Georgia pine, on account of its hardness and coarseness, was scarcely considered an article of commerce, its uses being limited to flooring and finishing purposes. In 1906, on account of the disappearance of white pine and other finer woods, there was eleven and one-half billion feet of yellow pine manufactured into lumber, or 30 per cent of the total lumber product of that year. The same is largely true of western fir; the increased production in the State of Washington alone up to 1906 being thirteen-fold greater than that of 1880. The total production of lumber in the United States in 1880 was 18,000,000,000 feet, and in 1907 40,000,000,000 feet.

I devote a good deal of time to showing the effect of the destruction of the forests on agriculture and a great many industries also, and its effect upon the climate, but those are conceded facts and there is no use taking up your time with that now.

The CHAIRMAN. You can print that portion.

(The statement referred to follows:)

The effect which the denudation of the forest area has had upon the flow of water in our rivers and their tributaries is apparent to every one. Its effect upon the rainfall is, however, not so apparent, and can be determined only by the most careful scientific observations. It, however, seems reasonable to suppose that moisture held back in the forests by moss, grasses, leaves, etc., increases the amount of evaporation over that of the same area after being bared by the removal of the timber. The difference in the amount of soil washed, also between that of a forest area and the same area with the forest removed, is so apparent as to need no scientific demonstration. As an argument in support of these two propositions, I quote liberally from writers of known authority.

In the Canadian Magazine of recent date a well-known Canadian authority makes the following assertion:

The results from excessive denudation of mountain sides are too well known to require much comment. Thoreau probably had more than the sentimental in his mind when he deplored the ruthless work of the ax on his New England hills and exclaimed "Thank God, they can't cut down the clouds."

In southern Europe, in northern Africa, and in Asia Minor large sections of country, once the most fruitful in the world, rich with the products of fertile soil and genial climate, are now dreary wastes and incapable of yielding sufficient to sustain even a scattered population. This deplorable state of affairs has resulted from the clearing away and destruction of the timber on the mountain and hill sides. But it is scarcely necessary to go so far afield for examples of the injurious effects of overdenudation, for in many parts of older Ontario and Quebec a water famine is fast approaching from this cause. The former, as has been said, is rapidly becoming a prairie province. Streams that in early years were comparatively equitable in their flow and perennial in character are now raging torrents in the early spring and dry in the later summer months. And why is this? Simply because the natural reservoir has been destroyed. I can not refrain in this connection from quoting the very pertinent remark of Captain Eads when he was engaged in building dikes on the lower Mississippi, that he was working at the wrong end of the stream. Public attention on this subject within recent years has been to a limited extent awakened in both the United States and Canada, and the necessity of taking some steps to prevent future disaster has been seen.

Frank Vrooman, another recognized authority, makes the following startling observations of one particular flood:

The Kansas River floods of 1903 destroyed \$20,000,000 worth of property and 100 lives. One of the most fertile valleys on the continent, 120 miles long, was partly destroyed. Here the rich soil was cut away; there it was covered with sand 6 and 8 feet deep over the field. Holes were cut and lakes left behind. Out of 250,000 acres of wonderfully fertile soil, 10,000 were completely destroyed, 10,000 more lost 50 per cent of their value, and the uncertainty left behind depreciated the value of the whole valley.

Emerson Hough, writing in *Outing Magazine*, says:

The fact is that the forests are intimately associated with the material welfare of practically every industry and every business in the United States, and their preservation should therefore naturally be a matter of concern to every breadwinner in America.

In the first place the forests have a direct and tremendous influence upon agriculture and, as I have already said and as you all know, the farming interests of America affect the entire country from banks to cobbler. The forests are nature's reservoirs. Wherever they have been cut away disastrous floods have followed as an annual visitation. From a manufacturing point of view the trees enter into the commercial health of a great many of our States and touch intimately every industry employing wood. Exhaustion of the hard-wood supply means the loss of these industries to the States in which they are at present located, since it stands to reason that such industries can not exist when the supply of raw material has vanished.

How seriously America would feel the exhaustion of its hard-wood timber is difficult to realize, especially since in times past the supply has been so ample that we have become accustomed to lavish use. Without hard wood for building purposes, for the manufacture of furniture, for railroad ties, for the manufacture of all kinds of vehicles, and for cooperage, not to speak of telephone and other poles or of agricultural implements, we certainly should be in difficulties.

I am inclined to believe that the failure of the hard-wood supply would more seriously affect the industrial condition than the failure of crops, because crop failure at its worst would be an affliction of one or two years, whereas once the wood supply fails there is no restitution within a generation. Under existing conditions of protection we have, it is said, of hard-wood timber lumber fit to be cut only about fifteen years' supply. Apart from its value as a future hard-wood supply station is the additional and extremely important fact that the streams which water the agricultural lands of the Appalachian region take their rise in a great many instances in this range. Last year there was an illustration in a part of this region of what a flood means in a country where the timber has been cleared, and during every spring we are given almost daily evidence of the disaster that falls upon farm lands where the woodlands, which are the natural reservoirs of farm land, have been cleared of their protecting timber.

The most important manufacturing region of the country is New England, and the majority of its manufacturing industries are dependent, to a large or total degree, upon the rivers which come from the White Mountains, in the Appalachian region. The five States of New England in 1900 contained 53,752 manufacturers, with a total capital invested of \$1,409,000,000, and a yearly output of product worth \$1,690,000,000 and an annual employee pay roll amounting to \$380,000,000. Now consider that 75 per cent of this capital is dependent upon an uninterrupted water supply, and remember that the water supply, in turn, is largely dependent on the forests for its natural reservoir.

As an instance of the effect on soil and agriculture resulting from the unchecked erosion following the destruction of the forests, take the White and Appalachian mountains, which are described as great lumps of earth mingled with stones. The rains and snows wear them away, as spray from a garden hose would wear away a lump of potter's clay. Until man destroyed it, the forest was spread over them, breaking the rush of rain, carrying it in funnels down the trunks of trees or letting it drip harmlessly from the boughs. Thickly covering the ground was a warp or woof of dead leaves, twigs, boughs, humus, and a mat of small green things sheltered by the great trees. The very spirit of the woods is one of shade and moisture, mosses, and the slow overflow of

cool springs. This spirit has been changed by the destruction of the forests. The mountains have begun to dissolve and wash down upon the lowlands. The streams are commencing to silt up with mud. The nap of nature's protecting towel was the large trees. These were taken by lumber companies. The pulp mills followed and sheared to the ground; and then came the farmer, digging up the soil on the lower slopes with plow and harrow, so that a few years of bearing rain and rush of freshets of snow water could not fail to take away the very soil itself; and where the farmer fails to go runs the fire, destroying more than man has destroyed, burning up the very humus of the soil, killing the little plants, baring the earth to all the forces of erosion. The inevitable result is a desert.

Professor Shaler, a conservative scientist, who weighed his words, states in 1896 that 3,000 square miles of highlands south of Pennsylvania had been destroyed for human use and its very soil carried down to the lowlands and the sea, and that arable and forestable lands were then being lost at the rate of 100 square miles a year. Every year since then this leprosy of destruction has spread more and more rapidly. In passing to the lowlands the soil covers up the rich bottoms with sterile detritus, and in reaching the sea it has to be rolled along the beds of navigable rivers, destroying their navigability. With no forest to hold back the waters every year the floods grow worse. This world is as large as it ever will be. We can not make it one inch larger, but we can destroy its usefulness by abuse. Civilized people should be ashamed to do this, and yet we who call ourselves civilized are wasting this planet on which we live at the rate of, perhaps, 200,000 square miles annually—land which our children may so bitterly need.

In this connection it is sufficient to merely refer to the floods of the Ohio River valley, which within the past five or six years are estimated to have damaged property in that valley to the extent of 100 million dollars. It is only necessary to mention the great floods of the Mississippi, the Missouri, and countless other streams.

Even the practical lumberman, whose interests are centered so largely in the destruction of the forests without regard for the future, concedes the danger that threatens a forestless land.

Mr. R. A. Long, the lumberman previously quoted, says in one of his addresses:

It is conceded also that forests aid much in the utilization of our rainfall, as the leaves and branches of trees and the accumulation of humus and leaf mold resist the compacting effect of the rain drops, and hence the soil is kept loose, allowing the water to readily percolate. This covering of the loose litter, twigs, etc., absorbs and holds back the precipitation, preventing its disappearing rapidly by surface drainage, goes largely into the ground, and as a subsoil or underground drainage, reappears in the form of springs, which, being gradually fed by percolation from above, themselves feed rivulets or streams of perennial character. The snows of winter melt more gradually in forest-covered areas, giving more time for the water resulting therefrom to soak into the ground and pass off through the springs. The streams fed from such sources have a continuous supply to be used for irrigation or such other purposes as man may require.

On the other hand, when the forest lands have been denuded the rainfall passes rapidly away, and its resulting effect is not long felt or seen excepting by the filling of the channels of the stream by silt, sand, and gravel washed from above, and the result of the waters having spread over the adjacent lowlands, destroying crops, improvements, live stock, and sometimes even the lives of the inhabitants. It is not unusual in some sections for the fertile valley lands to be destroyed by gravel, stones, and debris carried and deposited by the waters.

Water power exerted through electrical energy, and in operation in so many industries, is impossible without constant and uniform water supply, and this can not be had except along streams whose headwaters have an adequate protection of forest covering, otherwise the erosion of the soil soon fills the reservoirs and waters running unobstructed on the surface converge in great torrents, carrying logs and debris of all kinds, surging irresistibly through the river valleys, taking with it dams, gates, power plants, and destroying what it can not carry away.

Originally the rivers and even the rather small water courses of our country were to a greater or less extent navigable. Their channels were deep, their

waters mostly clear and free from sediment and silt. At the present time, owing to the deforestation of the lands along their banks and especially of their headwaters, the breaking up of the sod and the loosening of the soil consequent upon settlement and cultivation of crops, these channels, formerly deep, have been in some instances entirely filled, everywhere rendered more shallow, until water transportation has ceased and river navigation has become almost obsolete on rivers which were once teeming with commerce.

We have it upon the authority of the Holy Writ that a thousand years before Christ the eastern shore of the Mediterranean was the seat of large cities having an extensive maritime commerce. The mountain region bordering east and west, extending for many miles inland, was covered with a dense forest comprising the cedar of Lebanon, the fir, and the sandalwood, covering an area of 3,500 square miles. The inhabitants of Sidon were largely engaged in cutting, hewing, and shipping timbers from the forests of Lebanon, and the seat of Sidon was a great market and its citizens skilled axmen * * *.

These forests have all been destroyed, with no renewal thereof, and with their destruction disappeared the fertile soil. The rain-bearing clouds still float above the mountains of Syria, but they pass on over the bare and heated rocks, and the brooks and small streams of Palestine no longer exist, and throughout Syria stone furnishes the only material for building and wood is as precious as silver.

May it not be true that the destruction of Tyre and Sidon was in great part in consequence of the destruction of these forests, which has rendered that country a barren desert, supplying a scanty sustenance to the sparse population—its beauty, its fertility, its usefulness gone? So the physical geographers assure us.

In "Sinai and Palestine," by Dean Stanley, an authoritative record, appears the following:

The countless ruins of Palestine, of whatever date they may be, tell us at a glance that we must not judge the resources of the ancient land by its present depressed and desolate state. They show us not only that Syria might support tenfold its present population, and bring forth tenfold its present product, but that it actually did so. And this brings us to the question which eastern travelers so often ask and are asked on their return, "Can these stony hills, these deserted valleys, be, indeed, the land of promise, the land flowing with milk and honey?"

The effect and influence of forests on the climate, health, and water conditions of the country is evidenced by the chronicles of the Mosaic, the Roman, and Greek writers, and many of their far-seeing priests prevented the destruction of the forests. The consecration of groves to religious uses and to various mythological rites connected with them is an evidence of the reverence the ancients had for forests. Homer calls the mountain woodlands the "habitations of the gods, in which the mortals never felled the trees, but where they fell from age when their time had come," and in his tree and woodland nymphs originating in springs, he suggests the intimate relation of forests and springs.

Aristotle, in his "National Economy," points out that an assured supply of accessible wood material is one of the "necessary conditions of the existence of a city."

Almost all of the countries of antiquity suffered from the destruction of their forests. So it was with Mesopotamia, now one of the most sterile countries in the East and once famed for its fertility. Greece tells a similar story. Sicily, one of the granaries of the Roman Empire, is now entirely deforested and crop failures are common. In modern times parts of Bohemia, Hungary, and Austria, parts of Denmark, parts of France have suffered sorely from the loss of their forests. China has done nothing to preserve its forests, while Japan has preserved 50 per cent of its total area for forests, with results in the two countries that are strikingly dissimilar.

Mr. KNAPPEN. The Chief of the Forest Service of the United States says that while estimates of the duration of our forests are inevitably misleading, the figures are sufficiently reliable. He says:

The lowest estimate reached by the Forest Service of the timber now standing in the United States is 1,400 billion feet, board measure; the highest, 2,000 billion. The present annual consumption is approximately 100,000,000,000 feet, while the annual growth is but a third of the consumption, or from 30,000,000,-

000 to 40,000,000,000 feet. If we accept the larger estimate of the standing timber, 2,000 billion feet, and the larger estimate of the annual growth, 40,000,000,000 feet, and apply the present rate of consumption, the result shows a probable duration of our supplies of timber of not more than thirty-three years.

The figures cited are, however, sufficiently reliable to make it certain that the United States has already crossed the verge of a timber famine so severe that its blighting effects will be felt in every household in the land. The rise in the price of lumber which marks the opening of the present century is the beginning of a vastly greater and more rapid rise which is to come. We must necessarily begin to suffer from the scarcity of timber long before our supplies are completely exhausted. It is well to remember that there is no foreign source from which we can draw cheap and abundant supplies of timber to meet a demand per capita so large as to be without parallel in the world, and that the suffering which will result from the progressive failure of our timber was but faintly foreshadowed by the recent temporary scarcity of coal.

Mr. Pinchot thus admirably sums up what the destruction of the forests means:

What will happen when the forests fail? In the first place, the business of lumbering will disappear. It is now the fourth greatest industry in the United States. All forms of building industries will suffer with it, and the occupants of houses, offices, and stores must pay the added cost. Mining will become vastly more expensive; and with the rise in the cost of mining there must follow a corresponding rise in the price of coal, iron, and other minerals. The railways, which have as yet failed entirely to develop a satisfactory substitute for the wooden tie (and must, in the opinion of their best engineers, continue to fail), will be profoundly affected and the cost of transportation will suffer a corresponding increase. Water power for lighting, manufacturing, and transportation, and the movement of freight and passengers by inland waterways, will be affected still more directly than the steam railways. The cultivation of the soil, with or without irrigation, will be hampered by the increased cost of agricultural tools, fencing, and the wood needed for other purposes about a farm. Irrigated agriculture will suffer most of all, for the destruction of the forests means the loss of the waters as surely as night follows day. With the rise in the cost of producing food, the cost of food itself will rise. Commerce in general will necessarily be affected by the difficulties of the primary industries upon which it depends. In a word, when the forests fail, the daily life of the average citizen will inevitably feel the pinch on every side. And the forests have already begun to fail, as the direct result of the suicidal policy of forest destruction which the people of the United States have allowed themselves to pursue.

President Roosevelt, in a speech delivered last spring, summed up the part that the forest plays in the life of a nation very well in the following passages:

The great industries of agriculture, transportation, mining, grazing, and, of course, lumbering, are each one of them vitally and immediately dependent upon wood, water, or grass from the forest. The manufacturing industries, whether or not wood enters directly into their finished product, are scarcely, if at all, less dependent upon the forests than those whose connection with it is obvious and direct. Wood is an indispensable part of the material structure upon which civilization rests; and it is to be remembered always that the immense increase of the use of iron and substitutes for wood in many structures, while it has meant a relative decrease in the amount of wood used, has been accompanied by an absolute increase in the amount of wood used. More wood is used than ever before in our history. * * *

When wood, dead or alive, is demanded in so many ways, and when this demand will undoubtedly increase, it is a fair question, then, whether the vast demands of the future upon our forests are likely to be met. You are mighty poor Americans if your care for the well-being of this country is limited to hoping that that well-being will last out your own generation. No man here or elsewhere is entitled to call himself a decent citizen if he does not try to do his part toward seeing that our national policies are shaped for the advantage of our children and our children's children. Our country, we have faith to believe, is only at the beginning of its growth. Unless the forests of the United States can be made ready to meet the vast demands which this growth

will inevitably bring, commercial disaster, that means disaster to the whole country, is inevitable.

If the present rate of forest destruction is allowed to continue, with nothing to offset it, a timber famine in the future is inevitable. Fire, wasteful and destructive forms of lumbering, and the legitimate use, taken together, are destroying our forest resources far more rapidly than they are being replaced. It is difficult to imagine what such a timber famine would mean to our resources. And the period of recovery from the injuries which a timber famine would entail would be measured by the slow growth of the trees themselves. Remember that you can prevent such a timber famine occurring by wise action taken in time; but once the famine occurs, there is no possible way of hurrying the growth of the trees necessary to relieve it.

We contend that legislation which will permit us to draw on the forest supplies is one form of "wise action" demanded by the situation that confronts us. But without looking to the future we already find the effects of the decadence of our forests in the remarkable increase in the price of timber or stumpage. Bulletin No. 77, issued by the Agricultural Department, gives some interesting and astounding figures as to the increased value of stumpage in recent years. According to these facts, based on more than 1,500 reports, white pine in the last eight years has increased in value from \$3.66 per thousand feet to \$8.09; yellow pine, from \$1.12 to \$3.16; Douglas fir, from 77 cents to \$1.44; cedar, from \$1.32 to \$4.63; hemlock, from \$2.56 to \$4.51; spruce, from \$2.26 to \$5.49. These are averages. In some cases white-pine stumpage was found to be worth \$20 per thousand feet; in Michigan it ranges from \$5 to \$18 per thousand feet; in Minnesota, from \$5 to \$12. Timber lands that were almost worthless a few years ago have rapidly attained great value. Mr. John L. Kall, a southern lumberman, says that already the growing scarcity of long-leaf pine and steadily increasing demand for it have led lumbermen who acquired stumpage at 50 cents per thousand now to quote it in their opinion worth \$2.50 to \$3.50, and they believe that in twenty years it will have a value of at least \$10 per thousand, and he remarks significantly: "This probable rise in the value of stumpage is the obvious reason for the existence of companies which hold large timber tracts but do not operate them." Actually large tracts of southern timber have been sold at \$5 per thousand.

The value of this stumpage held by the speculative companies is of course enhanced by the tariff on lumber. The ownership of timber is passing largely into the hands of great corporations or aggregations of individuals and corporations, who perceive that an increase in its value is a mathematical certainty with the supply so reduced as it is already. It is estimated that three interests now control one-third of all the standing timber in the United States. Many of the holders of timber have acquired their property at insignificant figures and have seen them rise in value, if we are to accept the carefully prepared data of the Government, from 100 to 300 per cent in eight years, and with the probability that this rate of increase will continue in the near future. Yet doubtless many owners of such already handsomely remunerative properties will appear before your committee and argue against the repeal of the lumber tariff. Not content with what the limitations of nature and the demands of society are doing for them, they insist on what amounts to a subsidy from the Government—and a subsidy for what? A subsidy, a premium, on the destruction of our remaining forests.

A few great corporations or aggregations of corporations and individuals now control an immense proportion of the remaining forests of the United States. One of these, the great Weyerhæuser group, is said to have produced more than fifty millionaires, and if we are to believe Mr. N. W. McCleod, president of the National Lumber Manufacturing Association, the bulk of these fortunes must have arisen from the ownership of large bodies of timber rather than from manufacture, and he predicts that this condition will continue. We may say, then, that the fifty millionaires of the Weyerhæuser group owe their fortunes rather to the acquirement and holding of stumpage than to the profit arising from the manufacture of lumber.

To illustrate the enormous profits that are thus possible it is worth while to call attention to the fact that the Weyerhæusers some eight years ago purchased from the Northern Pacific Railroad vast tracts of timber lands on the Pacific coast at a price fixed by rumor at about 10 cents per thousand feet, and to-day this same timber is held by the owners at not less than \$3 per thousand. Here is a profit of 3,000 per cent, and yet these interests will probably think themselves aggrieved if the tariff is removed from forest products.

A well-known western lumberman has, in recent years, acquired 650,000 acres of sugar and yellow pine in northern California, estimated to carry 15,000,000,000 feet of timber. Most of this timber can be manufactured within ten years at a profit of \$10 per thousand, and some of it can be manufactured at that profit now. The timber and the land on which it stands has been acquired at a cost probably not exceeding \$4,000,000 and the property is now, or soon will be, worth \$150,000,000. This gentleman is opposed to the repeal of the tariff on forest products and, identifying his individual interests with those of the forests, he opposes the repeal of the tariff in order to protect the forests.

It is to be feared that many of our lumbermen have confused protection of the forests and excessive profits arising from the "un-earned increment" of their forests, which are two vitally different things.

These illustrations are cited in no mean-spirited enmity to lumbermen. Lumbering is one of our chief industries. It gives employment to a host of men and its great captains take high rank in the roll of those admirable leaders of industry whose careers are the pride of the nation. Unlimited abuse has been heaped upon them for doing what, under the conditions prevailing, they could not but do, but we have now come to a time when national welfare offers some considerations that are paramount to those advanced by the lumber industry. If we are to accept the opinions of the authorities, the industry under present conditions will become extinct within a generation, and its decline is certain in the near future. Any course that tends to decrease the pressure on our forests will prolong the existence of the lumber industry.

The advance in the price of lumber in recent years consequent upon the decreasing available supply is a matter of such common knowledge that little emphasis need be laid on it here. Suffice to say the reports of the Department of Commerce and Labor show that from 1899 to 1906, only seven years, yellow-pine lumber increased 77 per cent in price; Douglas fir, 63 per cent; white pine, 54 per cent; cedar, 66 per cent; western pine, 44 per cent; maple, 30 per cent; sugar

pine, 31 per cent; tamarack, 80 per cent. These figures are based on average values per thousand of all grades of timber. The increase in some qualities of lumber has been vastly greater, and if we go back to 1893 and come down to 1907 we will find that in some cases the increase in the price of lumber has been almost 200 per cent. Reduced to dollars these percentages of increase amount to \$7.54 per thousand for yellow pine; \$5.53 per thousand for Douglas fir; \$5.66 per thousand for white pine; \$5.33 per thousand for hemlock; almost \$4 for sugar pine; nearly \$7 for tamarack; about \$4 for cedar; and about \$8 for oak.

Just think what these figures mean to those who build houses of wood. The man who built a house of wood in 1907 paid almost half as much again as in 1899 and probably at least twice as much as in 1893.

The purpose of the tariff is to foster industries and increase the industrial well-being of our people by making imported goods pay a customs tax equal to the difference in the cost of their production and that of similar goods made in this country. The tariff was not imposed with a view to encouraging the exhaustion of our natural resources; neither was it intended to protect the enjoyment of natural monopolies. The ownership of timber in this country is now practically a natural monopoly. Timber can be replaced, but the time required is so long that considering the interests of one generation the supply is fixed. There is a certain amount of timber; every year it grows less in extent, and is more and more concentrated in the hands of a comparatively small number of owners. Does Congress wish to protect this monopoly of a great natural resource—mind you, protect the monopoly, which is not protecting the resource, but is rather protecting the speculative profits of the monopolists. We take it Congress is not concerned in protecting this interest. It is concerned primarily with the protection of American labor and secondarily with seeing that conditions are not so altered that the American manufacturer can not profitably compete with the foreigner.

As for wages, American labor has nothing to fear from the effects of free lumber. The only present source of supply for lumber and other forest products that can be or have been grown in the United States is Canada. There was a time when the rate of wages paid in Canada was very much lower than in the United States, but that was before the present era of industrial activity and settlement in Canada, which has brought the standard and cost of living and wages in that country to as high and in some parts a higher plane than prevails in the United States.

We have been at some pains to collect data bearing on the subject of wages paid and the cost of production in the lumber industry in the United States and Canada. There is some oriental labor employed in the western Canadian mills on account of the lack of white labor, but while the rate of wages per man to the oriental is somewhat lower than to the white man for the corresponding work, the superiority and efficiency of the white man makes his labor cheaper in the aggregate. The data attached hereto show that wages in western Ontario and western Canada are fully as high and in some cases higher than in middle and western United States mills.

I took the trouble to write to a number of manufacturers in British Columbia and asked them if they employed oriental labor, and, if so

how it compared in actual cost with white labor. Their answer, without exception, was that they employed oriental labor because it was the only labor to be had owing to the scarcity of white labor; that in some cases they had to pay the oriental almost the pay of a white man, who, as a rule, is very much superior; that they would much prefer white laborers if they could get them at the prevailing price for white men in British Columbia or in Washington.

As for white labor, I have a mass of figures which I will not trouble you with now unless you desire it, but it can be safely stated that white labor is actually paid better wages in British Columbia than in Washington or Oregon, and I am very willing and glad to produce the figures.

The CHAIRMAN. Have you any statistics as to the comparison of the prices of labor in British Columbia and Oregon?

Mr. KNAPPEN. Yes, sir. I intend to submit them in a brief.

The CHAIRMAN. Very well.

Mr. KNAPPEN. As for the protection of the manufacturer, it is to be noted that he has nothing to fear from cheap labor, since that no longer exists in Canada. In the second place, the cost of construction, equipment, and general operation in Canada is higher in that part of Canada most likely to compete extensively with our lumbermen than in the States, so that on that side of production the manufacturer is protected by existing conditions. The data appended hereto show that in British Columbia logging, which by law must be carried on with white labor, paid from \$3 to \$6 per day, costs 10 to 30 per cent more than in the United States; that the cost of mills, general machinery, and equipment, including logging equipment, is more by about 30 per cent. As to profits, the Canadian mill owner is, perhaps, satisfied with smaller profits than the American. On that account there might be somewhat less profit in good times to the American manufacturer if the tariff on lumber were repealed. The only other item entering into the problem is that of the cost of stumpage. As was stated before, we do not think that Congress desires to protect the owner of American stumpage on the book prices he puts on his stumpage as it increases in value from year to year. The manufacturer who owns stumpage may have to reduce the price charged to his stumpage on his books in order to show a book profit, but that is a matter of bookkeeping and of calculation of values. It does not affect the actual cost of manufacture.

As far as the consumer is concerned your committee should be on guard against testimony tending to show that the lumber industry, especially on the Pacific coast, is even now in great straits and therefore actually requires protection. We are just emerging from a period of general business depression lasting more than a year in which naturally the demand for lumber has not been strong. In the case of the Pacific coast lumbermen the case is complicated by an increase in railway rates. Your attention is directed to the fact that the mills in British Columbia have been passing through just as severe a trial as that of their fellows to the south. At one time last year practically all of the mills in the Province were shut down, and those mills, it should be noted, while suffering from prevailing business conditions equally with the American mills, had no protection for rough lumber in their domestic territory. The mills in the mountain regions of British Columbia rely chiefly for their market

on the prairie Provinces of Alberta and Saskatchewan and those markets are open to their competitors on the south.

In this connection it is worth while to note that there is now a considerable agitation in Canada looking to the imposition of a retaliatory tariff on American lumber. This agitation is opposed by the consuming population of Canada, especially in the western Provinces, and is not likely to succeed, but if the Canadian government thinks it wise to consider the interests of its consuming population as affected by lumber-tariff legislation, may it not be that it is worth while for our Government to make a similar point of view?

The fact should not be overlooked that though our forests are being rapidly depleted and many of our lumbermen oppose tariff legislation that will tend to admit to our consumers the products of foreign forests, they themselves are freely exporting our forest products. They are exporting not only to countries which have no forests and impose no duties on forest products, but they are actually exporting immense quantities of lumber to countries, such as Canada and Mexico, which have great forests upon which our markets rightly should be drawing. According to the official statistics, our lumbermen exported to Canada during the last fiscal year nearly \$10,000,000 worth of lumber and other wood, while \$3,632,713 worth was exported to Mexico, and these figures take no account of exportations to either country that may have been carried on salt water.

In fact, it is noteworthy that we export to Canada now about half as much value of forest products as we import therefrom. Our total exports of forest products now exceed in value \$126,000,000, and a large portion of this is presumably in competition, and successful competition, in foreign markets with the Canadian product. The United States is in fact the leading exporting lumber nation of the world.

In this connection I would call attention to the competition of our west coast mills in Washington and Oregon with those of British Columbia in the markets of the world. This is shown in detail in appended figures, but I will here merely call attention to the fact that in the export trade, shipping in free competition to the same markets, the mills of Washington and Oregon increased their exports from 131,000,000 feet in 1895 to 363,000,000 feet in 1907, while those of British Columbia increased their exports in the same period from 41,000,000 to 67,000,000 feet, the increase in the former being nearly 200 per cent and in the latter about 55 per cent. If our mills can compete successfully with those of British Columbia in the foreign trade, what have they to fear from them in the domestic market? Certainly not disastrous competition.

It is worth noting here that while the values of lumber per thousand of the domestic product increased 58 per cent from 1899 to 1907, the corresponding increase of imported lumber was 76 per cent, which tends to show that external conditions have not tended to cheapen lumber while United States conditions were tending to higher prices, and suggest possibilities of successful competition on the part of our manufacturers.

Mr. FORDNEY. May I ask you a question now, or do you prefer to finish?

Mr. KNAPPEN. I have only a little more to say and would prefer to finish.

Mr. FORDNEY. Then finish first.

Mr. KNAPPEN. It is British Columbia competition that most disturbs our lumbermen. We have considered the cost of manufacture in that connection. As to the supply of timber, the Pacific Lumber Trade Journal estimates the stumpage of British Columbia at 150,000,000,000 feet as compared with 225,000,000,000 for Oregon; 196,000,000,000 for Washington; 180,000,000,000 for California; and 100,000,000,000 for Idaho and Montana. Thus, according to the official organ of the Pacific coast lumbermen, the amount of commercial timber in British Columbia is only a small percentage of that in our Northwestern and Coast States.

Indeed, so freely and, from the standpoint of the Canadian manufacturers, so illegitimately did our manufacturers exploit the Canadian market that the Canadian government thought it wise to adopt what is known as the "antidumping law." This law was aimed at the practice of exporting lumber and other products from the United States to Canada and selling them there at a lower price than it was sold for at home. In other words, our lumber manufacturers for years deliberately sold their surplus lumber product in Canada at reduced prices while maintaining exorbitant prices at home.

One probable effect of the removal of the tariff would be cheaper lumber to the consumer, either absolutely or relatively, compared with what he would otherwise be compelled to pay in the future. While there is no reason for believing that Canadian lumber can be laid down in the United States at such prices as to disastrously affect the profits of the American manufacturer, the fact that it can be offered somewhat cheaper on account of the cheaper stumpage and that it increases the source of supply and thus widens the buyer's competitive market will undoubtedly benefit the consumer. With Vancouver, British Columbia mountain points, Saskatchewan, and Ontario mills added to the sources of lumber supply, the buyer will undoubtedly have a better opportunity to get a favorable price to himself than he has now with fewer markets in which to buy. There will, therefore, be a distinct advantage to the consumer. With this competition the prices of lumber will not tend to advance so rapidly as the years go by; consequently the pressure upon our American forests will be somewhat relieved and their destruction will not proceed so rapidly as at present.

As to the fiscal side of the question, the revenues the Government receives from the duties on lumber are not in the aggregate very large, being in 1907, for example, \$1,853,158.30, though on wood and manufactures thereof it amounted to \$4,385,038.59.

To sum up the effects of the repeal of the tariff on forest products as we see it, it would not be at all adverse to the interests of labor, would not disturb the prosperity of the manufacturer, would benefit the consumer, and check the inroads on our American forests.

Not being an expert in this matter, I have invited a number of lumbermen to appear before your committee and give testimony on the subject of comparative wages, cost of production, prices of lumber, prices of stumpage, and other points bearing on this question, all tending to show that as lumbermen they have nothing to fear from the removal of the tariff on lumber.

Mr. FORDNEY. Whom do you represent?

Mr. KNAPPEN. I represent myself, I represent the National Forest Conservation League, and I believe I represent the sentiment of a great many people.

Mr. FORDNEY. What is the National Forest Conservation League that you represent?

Mr. KNAPPEN. It consists very largely of myself.

Mr. FORDNEY. That is what I thought. [Laughter.]

Mr. KNAPPEN. I started in and organized the league a month ago, because I saw that this subject was coming up and I thought there would be the same criticism that has already appeared, that the consumers would not be represented.

Mr. FORDNEY. You tried to induce me to join the league?

Mr. KNAPPEN. I wrote to every Congressman.

Mr. FORDNEY. You say that the coast conditions would not be affected by removing the tariff, and you say that some of the manufacturers are now making \$10 a thousand profit?

Mr. KNAPPEN. Yes, sir.

Mr. FORDNEY. Where is there a concern on the coast making \$10 a thousand profit?

Mr. KNAPPEN. I can not name any concern on the coast now.

Mr. FORDNEY. I do not think anybody else can. Do you know anybody who can?

Mr. KNAPPEN. I did not say that there were concerns on the coast.

Mr. FORDNEY. Did you not state that they were making \$10 profit now?

Mr. KNAPPEN. I did say that in California I believed there was certain timber that could at the present time be sold at a profit of \$10.

Mr. FORDNEY. You are making a speech before a committee which is to act upon this matter, and what you believe and what you know are two different things.

Mr. KNAPPEN. That is quite right and for that reason I cited practical lumbermen to back me up in some of these things.

Mr. FORDNEY. Did you not state that American lumber was selling cheaper in Canada than here?

Mr. KNAPPEN. Yes, sir.

Mr. FORDNEY. Can you name a firm who is doing that or a single shipment?

Mr. KNAPPEN. I will call a witness who will do that.

Mr. FORDNEY. All right. You say that the removal of the duty will conserve the forests of the United States?

Mr. KNAPPEN. I think it will lessen the drain.

Mr. FORDNEY. What kind of lumber comes in competition with American lumber, high or low grade?

Mr. KNAPPEN. Both.

Mr. FORDNEY. Is it not true that the bulk of the lumber which comes in competition with the American lumber from Canada is low-grade lumber?

Mr. KNAPPEN. I believe it is.

Mr. FORDNEY. Is it not true that high-grade lumber has a market anywhere in the world, either from Canada or the United States, a better market than the low grade?

Mr. KNAPPEN. I believe that is so.

Mr. FORDNEY. What percentage of the product of the log is low grade?

Mr. KNAPPEN. Twenty per cent.

Mr. FORDNEY. Is it not 40 per cent?

Mr. KNAPPEN. I was interested in manufacturing a year ago.

Mr. FORDNEY. Have you ever manufactured lumber?

Mr. KNAPPEN. I have not.

Mr. FORDNEY. Then I would take my own judgment in preference to yours.

Mr. KNAPPEN. I wish you would ask that question of some of the gentlemen who will appear in support of my contention.

Mr. FORDNEY. Is it not true that Canada is seeking a market in the United States for low-grade lumber?

Mr. KNAPPEN. Certainly; as well as other lumber.

Mr. FORDNEY. If low-grade foreign lumber came into our markets and reduced the price, do you not know that it would not have a tendency to conserve the forests, but that the American lumberman would also be obliged to leave a little higher-grade lumber in the woods than he does now?

Mr. KNAPPEN. That would depend on how much came in. I do not believe that the low-grade lumber coming in would have any effect on the situation.

Mr. FORDNEY. It did from 1893 to 1896.

Mr. KNAPPEN. I think that condition was owing to the great business depression.

Mr. FORDNEY. It was certainly confusing to the manufacturer. I was in the business then.

Mr. KNAPPEN. I think it is hard to draw inferences from statistics.

Mr. FORDNEY. If 40 per cent of the Canadian product is low grade and Canada can find a good market for her better grades—and she is looking to the United States for a dumping ground for those low grades—if those low grades are brought into competition with the lumber in the United States it would not have a tendency to compel the lumbermen of the United States to leave in the woods their low grades?

Mr. KNAPPEN. That is your opinion as a lumberman.

Mr. FORDNEY. I have been in the lumber business ever since I was a boy and I know what I am talking about.

Mr. KNAPPEN. Not being a lumberman, I can not undertake to dispute your statement on that subject. I would like to have you discuss that question with the practical men.

Mr. FORDNEY. I will discuss that question with any man on earth and flay him in a minute. [Laughter.]

Do you know what price the lumbermen are getting for their lumber at the mill where they are manufacturing it in the South; Mississippi, for instance?

Mr. KNAPPEN. No, sir.

Mr. FORDNEY. Do you know whether they are making a profit or whether they are selling the lumber at a loss?

Mr. KNAPPEN. I suppose they are selling it at a profit. I can not state from knowledge of actual mill figures.

Mr. FORDNEY. I am in the manufacturing business in the South, in the State of Mississippi, and I know that lumber is selling at the mill, the product of the log, all grades, for less than \$13 a thousand.

How much do you think the manufacturer makes out of that? Do you know what it costs to manufacture in the South?

Mr. KNAPPEN. No; I do not.

Mr. FORDNEY. Then you are not competent to judge whether the Southerner is making any money or not.

The CHAIRMAN. I do not think you should follow that line of examination, Mr. Fordney.

Mr. FORDNEY. The witness has made a positive statement here, Mr. Chairman, that reflects upon the lumber business. He is in favor of removing the duty, and I want to know where he gets his information.

The CHAIRMAN. But you stated that the witness was not competent. It is all right to show that by your questions, but I do not think your opinion should go into the hearing.

Mr. KNAPPEN. As a rule, I quoted my authority.

Mr. FORDNEY. You stated that there were three concerns in the United States which control one-third of the timber in the United States.

Mr. KNAPPEN. That is an estimate; yes, sir.

Mr. FORDNEY. What firms are they?

Mr. KNAPPEN. I had in mind the Weyerhaeuser group, the T. B. Walker group, and the C. A. Smith group.

Mr. FORDNEY. Their holdings are all on the Pacific coast, practically, are they not?

Mr. KNAPPEN. No; I think they have large holdings elsewhere.

Mr. FORDNEY. Do you know how many acres of land or how many mills those three firms own?

Mr. KNAPPEN. I made a rough calculation from data gathered from other lumbermen, and that made up a total of about one-third of fourteen hundred billion feet, which is the minimum estimate of lumber in the United States.

Mr. FORDNEY. Did you take it from any Government report?

Mr. KNAPPEN. There is none available.

Mr. FORDNEY. I saw a statement made by a gentleman who is supposed to represent the Government which stated that Weyerhaeuser owned 32,000,000 acres in the State of Washington. Do you know anything about the correctness of that statement?

Mr. KNAPPEN. I do not. I should say it was incorrect. I do not think it is that much.

Mr. FORDNEY. Do you think there is that much timber in the whole State?

Mr. KNAPPEN. The area of Washington is about 77,000 square miles, is it not?

Mr. FORDNEY. That I do not know.

Mr. KNAPPEN. That would only figure up somewhere between forty and fifty million acres in the whole State. I do not think 32,000 acres of that is good forest land.

Mr. FORDNEY. No. You stated that you had learned that the consumption of timber in forest products was about 50,000,000,000 feet annually; where did you get that estimate?

Mr. KNAPPEN. From the official bulletins of the Department of Agriculture, the Forestry Service.

Mr. FORDNEY. It is my information that there are less than 50,000,000,000 feet.

Mr. KNAPPEN. Are you speaking now of the entire wood products?

Mr. FORDNEY. All kinds of forest products.

Mr. KNAPPEN. You know the official statistics show over 40,000,-000,000 feet for 1907 of lumber alone. It would seem as if the other wood products would amount to more than the 10,000,000,000 feet.

Mr. FORDNEY. I think that is wrong. You stated that the condition on the Pacific coast—in Oregon and Washington, as I take it—was affected by the rise in freight rates?

Mr. KNAPPEN. Yes, sir.

Mr. FORDNEY. Is it not true that there has been no rise in freight rates in the last two years?

Mr. KNAPPEN. No; I do not think that is true.

Mr. FORDNEY. The railroad companies threatened to raise the rates, but they did not do it.

Mr. KNAPPEN. They issued the order and then there was a long period of litigation.

Mr. FORDNEY. What is the rate from the Pacific coast to the Mississippi Valley now?

Mr. KNAPPEN. I believe it was 45 cents. That has been changed in some way by a railroad technicality which I do not exactly understand. They have changed the limit of distances on that rate, or perhaps a similar rate which has been substituted for it. That exact matter can be easily cleared up by other witnesses here.

Mr. FORDNEY. You quoted Mr. Long as a manufacturer and as one being in favor of the removal of the duty on lumber?

Mr. KNAPPEN. Yes, sir.

Mr. FORDNEY. What Mr. Long do you refer to?

Mr. KNAPPEN. I think it is Mr. Long, of Kansas City.

Mr. FORDNEY. He is a Democrat and free trader?

Mr. KNAPPEN. I do not know whether he is a Democrat or not, but he is not a free trader on lumber.

Mr. FORDNEY. He is a free trader on lumber?

Mr. KNAPPEN. No. In the paper from which I quoted he distinctly argues against the repeal of the lumber duties.

Mr. CLARK. Mr. Long is a very large dealer in lumber?

Mr. KNAPPEN. I believe he is. I am not very well informed as to that.

Mr. UNDERWOOD. About as good as the average Republican?
[Laughter.]

Mr. KNAPPEN. I guess so.

Mr. FORDNEY. Is it not true that the lumberman in the United States has the greatest difficulty in finding a market at a reasonable price for his low-grade lumber?

Mr. KNAPPEN. I understand that is the fact.

Mr. FORDNEY. He has an open market for his high grades and gets a fair price for them?

Mr. KNAPPEN. Yes, sir.

Mr. FORDNEY. With free trade with Canada and Mexico, his greatest difficulty would be still further increased by more competition in the low grades and not any high grades?

Mr. KNAPPEN. I think the competition would also be increased in high-grade lumber.

Mr. FORDNEY. I know from experience that the western coast lumberman right now leaves 25 per cent of the product of the forest

in the woods because the grade is so low that there is no profit in it to market it, and if you bring the Canadian cheap-grade lumber into competition that he will be compelled to leave a greater portion in the woods.

Mr. KNAPPEN. I understand that lumbering in British Columbia is carried on under very much the same conditions as in Washington, and what you say of the Washington lumberman leaving 25 per cent in the woods would also apply to the British Columbia lumberman. My understanding is so far as the low grades are concerned, that there is no great fear of the importation of low grades of British Columbia lumber.

Mr. FORDNEY. You have stated the difference regarding the increase of foreign shipments between the United States and Canada, and that it was greater in proportion from the United States than from Canada. Is that not due to the fact that Canada can not find a market for her low grades of lumber and that therefore her industry has not thrived as the industry has in the United States?

Mr. KNAPPEN. The figures I quoted referred only to British Columbia, and therefore they eliminate the low-grade item very largely.

Mr. FORDNEY. It applies to British Columbia?

Mr. KNAPPEN. Please repeat your question.

Mr. FORDNEY. You stated that the increase of shipments, both from Canada and the United States, was so much—you have given the amount—and stated that the increase from the United States was greater than that from British Columbia, as we will call it?

Mr. KNAPPEN. Yes.

Mr. FORDNEY. Is not that due to the fact that British Columbia has no protective tariff now as to low grades, and for that reason her production has not increased, as compared with the increase of the United States?

Mr. KNAPPEN. I do not think so. British Columbia at present does not produce a very large amount of lumber altogether. The cut in British Columbia last year was 475,000,000 feet, and in normal times there is a rattling good market in the rapidly populating prairie provinces which, I should say, is keeping ahead of the production in British Columbia.

Mr. FORDNEY. Don't you think that by removing the duty on the lower grade she would enjoy a better market in the United States than she does now?

Mr. KNAPPEN. As I said before, the conditions of production being similar in Washington and British Columbia, as you pointed out. I do not think it enters into the calculation, as they waste 25 per cent in the woods.

Mr. FORDNEY. Do you think they would leave it in the woods?

Mr. KNAPPEN. I think they would, just as the Washington lumbermen do.

Mr. FORDNEY. That is all.

Mr. BOUTELL. You stated, Mr. Knappen, with some degree of confidence on your part that the repeal of this duty would benefit to some degree the consumer?

Mr. KNAPPEN. Yes.

Mr. BOUTELL. Whom do you hold to be the consumer?

Mr. KNAPPEN. The buyer of lumber.

Mr. BOUTELL. I have coined for my own convenience the term "ultimate consumer," the man who finally uses the lumber. Have you any idea that the repeal of the duty would benefit the ultimate consumer?

Mr. KNAPPEN. I assume, allowing somebody to be benefited, that the ultimate consumer, as you state, would ultimately get his share.

Mr. BOUTELL. Take the history of a white pine tree in the Canadian forest. Through what hands does that go to reach a box manufacturer, say, in Michigan?

Mr. KNAPPEN. Of course I can not answer that question from actual knowledge of the trade. I can just give you the inference that any fairly well-informed man might have or might give. I suppose the tree would be manufactured at some lumber mill in Canada, and that the lumber would be bought by an importer or wholesaler on this side of the line, and by him in turn be sold to the retailer.

Mr. BOUTELL. So that we would have, first, the owner of the tree, who saws it into boards; second, an American importer; and third, to follow out the illustration which I have adopted, an American box manufacturer, and say he is a maker of starch boxes, who sells them to the starch maker, and the starch maker sells the package to the jobber, and the jobber sells it to the retailer, and you and I are the ultimate consumers, together with the rest of the American people. Now there are six hands through whom the product of that tree passes. Now, of course, it can not be claimed that this \$2 is automatically renounced by the owner of the tree. He will try to get his benefit, will he not?

Mr. KNAPPEN. Certainly.

Mr. BOUTELL. He will try to get his benefit unless the Canadian is different from other people, and so on down the line; so that when you speak of the benefit to the consumer you speak of the American purchaser of the starch?

Mr. KNAPPEN. No; I not only refer to him, but I really had in mind the ultimate consumer as well.

Mr. BOUTELL. That is, the purchaser of the box of starch?

Mr. KNAPPEN. Yes. In that case he would be the man.

Mr. BOUTELL. You think the difference would work out all along the line?

Mr. KNAPPEN. Yes, sir. But in the illustration you cite it would not amount to much in the packing box.

Mr. BOUTELL. In our attempt to help the consumer in the modification or repeal of these duties we should look at the benefit, if we can, which it would bring about to the ultimate consumer—the man who uses it. Now, it is not safe to assume that by the repeal of the duty there is an automatic renunciation of all that duty by the originator of the article—the owner of the tree. He is not going to give it up. He is going to get all the benefit he can, and the wholesaler is going to get all he can.

Mr. KNAPPEN. I think so.

Mr. BOUTELL. So that, in considering the benefit to the consumer, we have got to consider that it may go through from two to six hands, all of whom may get their share of the profit.

Mr. KNAPPEN. I think so. I think you cited an extreme case in the case of the packing box that goes through six hands, but the principle would apply.

Mr. BOUTELL. Yes; the principle would apply, so that by looking at the question of repeal of duty from the point of view of the ultimate consumer, we have got to take into consideration the fact that there are other hands through which it passes, although it may not be six.

Mr. KNAPPEN. Yes.

Mr. BOUTELL. Now one other point, in reference to the question of conservation, and I may say I was very much interested in that feature of your paper as well as in the other discussion. I never have noticed in any part of Great Britain or on the Continent, to my recollection, a single frame house or a single house with wooden shingles, and with this rise in the price of lumber and this general tendency which now exists for preserving our forests and natural resources, have you thought at all of our possibility of supplanting in a measure a frame for the exterior of a house with the brick, stone, or concrete and the use of tiles, and what the comparative cost would be?

Mr. KNAPPEN. I can not say that I have gone into that question of comparative cost, but I have considered those factors as entering into the problem of lumber consumption, and I know that even in so old a civilization as they have in France, where, as you say, they have learned to economize in lumber and have substituted other things for it—even there, with all their economy, they are increasing their annual use of lumber 10 per cent per capita. It is the same in this as in many other things. A new article is used for something, but immediately there are other new uses for the old article, and I do not believe that the many substitutes for lumber that have been introduced and are being introduced will practically affect the demand, though they will relatively, but I believe that the demand will actually increase from year to year, as it has done heretofore.

Mr. BOUTELL. It certainly will unless we stop it. Would not the substitution in this country, to as large an extent as it has been substituted in Europe, of stone and brick and terra cotta and tiling for the exterior of houses make an enormous difference in the demand for high-class lumber?

Mr. KNAPPEN. It would, relatively, but I do not think it would cause us to decrease the use of lumber. To make my meaning plain, after that was done I do not believe that ten years from now we would be using less lumber than we are using to-day, or that we would be using less lumber per capita.

Mr. BOUTELL. You have looked into the question in Canada and Mexico. Have you looked into the competition that may come from the West Indies, where, I understand, there is an inexhaustible supply of hard wood?

Mr. KNAPPEN. I am frank to say that I have not looked into that subject.

Mr. UNDERWOOD. I would like to ask you a few questions. The gentleman who examined you from the other side of the table asked you questions from the standpoint of protection. I want to ask you questions from my standpoint. I am not a protectionist and do not believe in a protective tariff, but I do believe that a good deal of the revenue of the Government ought to be raised by taxes levied on goods imported into this country. Now, from that standpoint I want to ask you this: Is there importation of logs into this country free of duty now?

Mr. KNAPPEN. Yes, sir.

Mr. UNDERWOOD. Comparatively few logs, less than a million dollars' worth of logs, were imported in 1907?

Mr. KNAPPEN. Yes, sir.

Mr. UNDERWOOD. Do you know why there was not a larger amount of Canadian logs imported into this country?

Mr. KNAPPEN. One reason that would contribute to that is the fact that some of the Canadian provinces have either prohibited the export of logs taken from the government lands or else have imposed a discriminating tax upon those logs.

Mr. UNDERWOOD. That is just what I was coming to. As a matter of fact, the reason why the importation of Canadian logs into this country has been limited is because when this Government removed the duty from logs either the provinces or the Canadian government placed an export tax on logs, did they not?

Mr. KNAPPEN. I think it would be more accurate to say that when this country clapped a duty of \$2 a thousand on lumber the provinces retaliated by putting not an export tariff, but an export tax, on logs cut from crown lands.

Mr. UNDERWOOD. There is no difference, there is no distinction, between a tariff and a tax of that kind. It was a tax or a tariff, whichever you choose to call it, that prevented the importation of logs into this country?

Mr. KNAPPEN. I think so.

Mr. UNDERWOOD. And the revenue that was originally derived from the tax on logs, instead of going into the Treasury of the United States, goes into the treasury of the provinces or the Canadian government. Now I want to ask this question: Suppose we were to remove the present tax on sawed lumber in order to conserve our resources and preserve our forests. Would not the Canadian government do with sawed lumber just exactly what they did with logs—put an export tax or export duty on sawed lumber, and the tax would go into the Canadian treasury instead of going into our Treasury?

Mr. KNAPPEN. I do not think so.

Mr. UNDERWOOD. And the cost to the consumer here would be the same?

Mr. KNAPPEN. I do not think so.

Mr. UNDERWOOD. I would like you to give your reasons on that point.

Mr. KNAPPEN. The reason I make that statement is that in Canada the lumber-manufacturing industry, in a country where manufactures are not very extensively developed as yet, is a very useful industry and has a great deal to do, as the lumber industry of this country has to do, with the shaping of legislation. I think that that influence would be great enough to prevent the Canadian government from imposing an export tariff, even if it were considered by the Canadian government a desirable thing to do.

Mr. UNDERWOOD. It was not great enough to prevent their putting that export tax on logs.

Mr. KNAPPEN. Notice that I said "lumber-manufacturing industry." The logger and the owner of logs and the lumber manufacturer in that case might have conflicting interests.

Mr. UNDERWOOD. You think, then, that if we removed the tax on lumber absolutely the Canadian government would leave it free trade and not put on an export tax?

Mr. KNAPPEN. I do believe that.

Mr. UNDERWOOD. Have you anything except your own opinion to warrant that statement? Have you investigated it?

Mr. KNAPPEN. I have talked with Canadian lumbermen, and I know they will vigorously oppose such a movement, and I know that they do not think it will be done.

Mr. UNDERWOOD. That is all I wanted to ask. Have you any witnesses that you expect to introduce here who have considered that particular question?

Mr. KNAPPEN. I think so.

Mr. UNDERWOOD. What are their names?

Mr. KNAPPEN. I think that Mr. Scanlon and Mr. Lynch and Mr. Rogers are competent to testify on that subject.

Mr. UNDERWOOD. That is all I have to ask.

Mr. FORDNEY. Mr. Knappen, you stated that the price of southern lumber had increased 77 per cent in a given number of years.

Mr. KNAPPEN. I do not recall the exact figure, but I think that was it.

Mr. FORDNEY. If that is true, the price on southern lumber was then around \$17. It is pretty low now when it is only \$13?

Mr. KNAPPEN. The figures are not my figures.

Mr. FORDNEY. That was in 1880, I think.

Mr. KNAPPEN. Those figures were taken from the pamphlets issued by the Forest Service of the Government. They are not collected from private sources.

Mr. FORDNEY. You stated also that from 1880 down to date the production of lumber in the State of Washington had increased thirteen-fold?

Mr. KNAPPEN. Yes.

Mr. FORDNEY. Is it not true that in 1880 Michigan and Wisconsin, especially those two States, were supplying a very large amount of lumber east of the Missouri River?

Mr. KNAPPEN. Yes; that is true.

Mr. FORDNEY. And that the industry in the State of Washington was really in its infancy and just starting up?

Mr. KNAPPEN. That is true.

Mr. HILL. Mr. Knappen, will you ask your people who are here if any of them have in their pockets the present price lists at which agents are supplying lumber throughout the country? If so, I would like to have a copy.

Mr. KNAPPEN. I will ask them about that.

Mr. HILL. I think your statement will be more than sustained by such prices.

Now, the first question asked was, "Whom do you represent?" You recognize the fact that you do not have to represent anybody but yourself as an American citizen in coming before this committee?

Mr. KNAPPEN. Yes; and I thank you for that suggestion. I noticed a statement in the paper the other day by Mr. Payne, the chairman, to the effect that American citizens are welcome here, and I think that

is a sufficient justification for me to be here, even if I represent nobody but myself.

Mr. FORDNEY. I made no reflection on you whatever. I asked you, when you said you represented a certain association, if it were not yourself, and you admitted you were the whole association.

Mr. KNAPPEN. I was perhaps overfrank in that statement. [Laughter.] I mean I think I did myself an injustice. I would like to give you the names of our official personnel, if that is at all pertinent.

Mr. FORDNEY. Not at all; not at all, sir. I only wanted to know what interest you represented. Everybody is welcome, so far as I am concerned, and I am pleased to see you here and to get better acquainted with you.

Mr. KNAPPEN. Thank you.

Mr. CLARK. Mr. Knappen, in this question that Mr. Boutell asked you, which you answered, about the ultimate consumer, it is not probable that the Canadian miller, if that is a proper term, and the wholesaler and the retailer could manage to absorb all of this \$2, is it?

Mr. KNAPPEN. Did you say, Isn't it probable they would?

Mr. CLARK. I said, Is it not probable that they would not?

Mr. KNAPPEN. I think they would not be able to manage it.

Mr. CLARK. Would not the competition have something to do with holding the prices down until the American and Canadian lumbermen would have time enough to form a new combination? [Laughter.]

Mr. KNAPPEN. You can not tell what a lumberman will do. [Laughter.]

Mr. CLARK. But they would, in the nature of things, have to take a little time to get up a trust that would cover both the United States and Canada, would they not? [Laughter.] In that brief breathing spell the consumer would get a little advantage in this shaving off the tariff.

Mr. KNAPPEN. I think that much is certain.

Mr. CLARK. And if they did not succeed in getting up this international combine the consumer would get his pro rata share of this \$2 difference?

Mr. BOUTELL. Is there an international lumber trust now?

Mr. KNAPPEN. I do not believe there is.

Mr. BOUTELL. So that there is not at the present time any combination between American and Canadian lumbermen?

Mr. KNAPPEN. I do not think there is.

Mr. CLARK. But it is a rather peculiar coincidence that they all sell at the same price, is it not? [Laughter.]

Mr. BOUTELL. Have you any idea that on the repeal of this duty there would be this calamity that Mr. Clark suggests, of a combination between the American and the Canadian lumbermen?

Mr. KNAPPEN. That is a possibility, of course.

Mr. BOUTELL. Then, by repealing the tariff, we would get a greater trust than before—an international instead of a national one?

Mr. KNAPPEN. Mr. Clark has suggested the defense.

Mr. FORDNEY. Is it not true that in a given market Canadian and American wheat men sell wheat at the same price?

Mr. KNAPPEN. I think so.

Mr. FORDNEY. But that is no sign of a combination, is it, in itself?

Mr. KNAPPEN. I do not think so.

Mr. CLARK. Let me ask this question for the benefit of Brother Fordney: Do not these big handlers of wheat fix the price to the farmer, and the farmer has got to take that or not take anything? Is not that true?

Mr. KNAPPEN. The farmer is offered a fixed price for his wheat. Whether a combination of buyers has fixed the price, or whether the operation of conditions has done it, it is a fact that every farmer out of a million is offered the same price on the same day.

Mr. CLARK. Now, another question: Would not the wonderful sameness of prices in lumber products suggest to you at least that there was "a gentlemen's agreement" in keeping up the prices of lumber?

Mr. KNAPPEN. Yes; it would make that suggestion.

Mr. BOUTELL. There are "gentlemen" in Minneapolis, are there not?

Mr. KNAPPEN. Yes.

Mr. FORDNEY. When the prices are going up, those dreams are very delightful?

Mr. KNAPPEN. Yes, sir.

Mr. FORDNEY. I want to ask you a question, in answer to what the gentleman from Missouri [Mr. Clark] asked you about the elevator man, as you may put it, who fixes the price to the producer. I am not an elevator man or a yard dealer. I am talking from a manufacturer's standpoint. I am in the place that the farmer is in the market in the case he speaks of, and not in the place of the elevator man, and every producer of forest products is exactly in the same position that the farmer is in with respect to the elevator man as compared with the yard dealer.

Mr. GAINES. Mr. Knappen, you said that a great deal of land for a long distance about Minneapolis had no timber on it. What is the character of that land?

Mr. KNAPPEN. Some of it is good agricultural land. Some of it is practically worthless. It varies, of course, according to the soil. Where there is a clay soil, with a covering of humus, we have a good agricultural land that can be used for agriculture after the trees are removed; but it is true that as to a great deal of the soil, where pine grows, not a very profitable use can be made of it in agriculture.

Mr. GAINES. Can you give me an idea of the proportion of the land that is good and that which is useless—or did you say any of it was useless?

Mr. KNAPPEN. I would not say that any of it was absolutely useless. Yes; I would say that some of it is absolutely useless. That which is rocky is useless. But even the sandy soil has some value for producing grass crops.

Mr. GAINES. Is not your city of Minneapolis more benefited by the increased agricultural population of this land off which the timber has been taken than it would be benefited by keeping it in timber?

Mr. KNAPPEN. Where the soil is good there is no question about that.

Mr. GAINES. I speak from the West Virginia standpoint, and we are rather more interested in getting people there than in keeping a woody country.

Mr. KNAPPEN. Yes. What I said should not be construed as any sort of criticism of the lumbermen for removing that timber. That was the farthest from my thought. I was simply illustrating how the supply was decreased.

Mr. GAINES. Yes; but your conclusion was that the condition of the country when the lumber was removed was worse than it was before?

Mr. KNAPPEN. Yes; I think that is true of a large part of Minnesota and Wisconsin, and it will only be profitably used in a long time to come, when the country is properly reforested.

Mr. GAINES. You have no plan to suggest, have you, by which the timber could be taken off a portion and not off another portion? That is, the conditions which induce the cutting of the timber from an acre of land will induce the cutting of it from the adjacent acre? Do you propose to lodge some power somewhere to permit the Government to determine what acre shall be cut and what shall not? You do not go that far?

Mr. KNAPPEN. No; I do not go that far.

Mr. GAINES. Now, I understand you to say, also, that it was conceded that the cutting off of the timber produced floods and droughts?

Mr. KNAPPEN. Yes.

Mr. GAINES. Is that conceded? It is claimed, I know.

Mr. KNAPPEN. I thought it was conceded—so much so that I skipped the part of my paper dealing with that in order to save time. I did not present those facts at all.

Mr. GAINES. I have heard that the greatest flood in the Ohio River was in the year 1837.

Mr. DALZELL. 1832.

Mr. GAINES. Then there was a large one in 1847, and another one in 1884, larger than we have had since. I do not think that is conceded. I know it is claimed that it caused that.

Mr. DALZELL. I want to say, Mr. Gaines, that a short time ago I had a conversation with Major Sibert, who is one of the most distinguished of our engineers in Panama. Now, he denies that theory absolutely.

Mr. GAINES. My own observation would deny it, but that would not be enough to generalize upon.

Mr. KNAPPEN. Most of the supposed authorities that I consulted on the matter seemed to be accurate, and therefore I used the word "conceded."

Mr. GAINES. Mr. Knappen, if Canada should place upon any lumber products from which we removed the duty an export duty equal to what we would take off, from the amount by which we should reduce the traff on lumber products, no change in the conditions would result except that the money we now collect as tariff would be transferred into the treasury of the Canadian government. Would not that be true?

Mr. KNAPPEN. I think that is obvious.

Mr. HILL. You understand that the export duty that is put on by Canada is now added supplementary to the duty on lumber now coming into this country, the United States?

Mr. KNAPPEN. Yes.

Mr. FORDNEY. The Canadian government does impose an export duty on logs now, does it not?

Mr. KNAPPEN. The Canadian government does not.

Mr. FORDNEY. Well, what power on earth does? Is it not true that there is an embargo, that the crown land department compels now the manufacturing in Canada of timber cut from crown lands?

Mr. KNAPPEN. That does not exactly describe it. Take the timber in Ontario. It is owned, not by the government of Canada but by the government of Ontario, by that province, and that province does impose an embargo on timber cut from land owned by the province, but not from land owned by you or me or anybody else. If you owned lands in Ontario that had timber on them you can freely cut those logs and bring them into this country.

Mr. FORDNEY. How much of lands are there in Canada owned by individuals outside of their crown department? There is not anything more, is there, except Indian lands?

Mr. KNAPPEN. I think there is a certain amount, not a large proportion, of the whole lands that now have standing timber that are owned in fee. Certain amounts of timber land have passed into the hands of settlers. There have been some special concessions that departed from the usual Canadian practice which have resulted in the fee of lands passing to individuals.

Mr. FORDNEY. There is no timber now in Ontario that comes to the United States in logs?

Mr. KNAPPEN. I think there are some logs that come from Ontario now.

Mr. FORDNEY. I do not know of any.

The CHAIRMAN. It is a very small amount.

Mr. KNAPPEN. Pulp wood comes in. It is timber and subject to that embargo.

The CHAIRMAN. The only prohibition is in the province of Ontario, is it not, and that relates to all sorts of logs, pulp wood, and others, and it is an actual prohibition of exports from government land?

Mr. KNAPPEN. I understand it is so as to the province of Ontario. The province of Quebec, instead of imposing an embargo, is, to my recollection, imposing a discriminating tax. That is, if you cut timber from crown or government lands you will be taxed so much if it is consumed in Canada, and taxed a little more if exported.

The CHAIRMAN. That is a sort of stumpage tax, is it not?

Mr. KNAPPEN. Yes, sir.

The CHAIRMAN. Now, one word as to the theory of my friend [Mr. Boutell] as to the ultimate consumer. [Laughter.] If the ultimate consumer buys an orange or a box of matches on that price the reduction of duty would have to be very large in order to affect the price of the orange or the box of matches?

Mr. KNAPPEN. I think there is no doubt about that.

The CHAIRMAN. But on the question of selling boards or sawed timber, where it is sold by the thousand and where the duty is \$2 a thousand, that presents an altogether different proposition as to whether the ultimate consumer would get any benefit from it, would it not?

Mr. KNAPPEN. I think it does.

The CHAIRMAN. If there was competition and a reduction of duty, likely some of it would come to the ultimate consumer?

Mr. KNAPPEN. That is my position.

The CHAIRMAN. Do you know whether this Georgia pine is cut now in the State of Alabama? All southern pine, I believe, is called Georgia pine. Do you know whether any of this is cut in Alabama?

Mr. KNAPPEN. I believe there is.

The CHAIRMAN. There is a supply down there?

Mr. KNAPPEN. I think there is.

The CHAIRMAN. And hence a duty which reported a revenue of \$2 a thousand would incidentally help the lumbermen, perhaps, in Alabama?

Mr. KNAPPEN. I see no reason to conclude that the Alabama lumberman would not share in the same benefit that the other lumbermen would claim.

The CHAIRMAN. It would be levied simply for the purpose of a tax, but incidentally it might help? [Laughter.]

Mr. KNAPPEN. Yes.

The CHAIRMAN. That is all I have to ask.

Mr. UNDERWOOD. I merely wanted to ask you this question: When you come down to the question of the ultimate cost to the consumer, the seller of any article is going to get all out of it he can. It is a question of competition, in the end, as to what the ultimate consumer will pay for any article he buys?

Mr. KNAPPEN. I think that is right.

Mr. UNDERWOOD. And the more you broaden competition the more chance the ultimate consumer has of buying a cheap product?

Mr. KNAPPEN. Yes. I should lay more stress on that broadening of the market than on the mere \$2.

Mr. BOUTELL. Inasmuch as the chairman has called up the name of my friend, the Ultimate Consumer—I am glad he is taking interest in it—I have here a memorandum with reference to the repeal of the lumber duty, which, it seems to me, would be most beneficent—that is, the repeal of the hardwood tax on the manufacture of furniture. There is a case, is it not, where it would go through fewer hands, and the ultimate consumer of furniture would be apt to get a good deal of benefit from a reduction?

Mr. KNAPPEN. You think wood imported into this country and manufactured into furniture would go through fewer hands?

Mr. BOUTELL. Yes; I should say it would go through fewer hands than would the vast amount of lumber that is used for packing manufactured products like cotton goods and starch and canned goods. In other words, the benefit to the consumer from the repeal of the lumber duty would be more largely felt and could be most largely felt through competition in the price of furniture?

Mr. GAINES. Is it your position, Mr. Boutell, that with free logs for furniture there would be probably a considerable ultimate reduction of price to the consumer?

Mr. BOUTELL. I was not referring to free furniture, but to free lumber that goes into the manufacture of the furniture. The factories of furniture in North Carolina are now second in the country, and the factory at Grand Rapids is first.

Mr. KNAPPEN. Assuming that it would go through fewer hands in the case of furniture, I should say you are right.

Mr. FORDNEY. Now, Mr. Knappen, with reference to the package, the chairman asked you whether or not the man who purchased the article in a package would be benefited by the reduction of duty,

and he showed that it would be so small that he would receive no benefit; but he showed, on the other hand, that the man who purchased the lumber would be benefited. It is my understanding and knowledge, gained since I have been engaged in the business, that 60 per cent of the lumber imported into this country is consumed in the manufacture of packages, and in that case only 40 per cent of the people would be benefited by a reduction of the duty on wood used for furniture, whereas 60 per cent would get no benefit. Is that right?

Mr. KNAPPEN. I do not think I conceded that the man who purchases lumber in the form of a box would get no benefit. Of course we can not tell whether he even pays anything for that box, or what percentage of the cost of the whole article goes to the box.

Mr. FORDNEY. When he bought a yard of calico or cotton goods he would not get very much benefit out of the reduction in lumber in the box that brought it to market?

Mr. KNAPPEN. No, sir.

Mr. CLARK. If a man builds a five, or six, or eight room house he would get some considerable advantage, would he not?

Mr. KNAPPEN. Yes, sir.

Mr. CLARK. Now, if laths were selling for \$2.25 a thousand in 1901, and were selling for \$6 a thousand in 1907, and other lumber prices have advanced that much—I am talking about the retail trade—then there is a good deal of extraordinary profit that might be divided up so that the consumer would get part of it?

Mr. KNAPPEN. Yes, sir.

Mr. HILL. Is there any province in Canada where they make crown lands a matter of bidding at auction—

Mr. CLARK. Now, is it not a fact, that they are—

The CHAIRMAN. Gentlemen, I would suggest the advisability on the part of members of the committee of refraining from engaging in debates with each other while so many witnesses are here waiting to be heard. What we want most is information from the witnesses, and then we can engage in discussions afterwards.

Mr. CLARK. If these hearings amount to anything, when we strike a schedule like this lumber schedule we ought to have it out, even if it takes until Christmas.

The CHAIRMAN. We ought to have the questions asked, but if you want to be here until after the 4th of December and still be asking questions, go ahead. We will ask the gentleman to come again. I was not objecting to asking questions, but simply to this joint debate between members of the committee. We will have plenty of time for that in the committee.

Mr. FORDNEY. Mr. Chairman, I have no desire to consume time. I know the anxiety of other gentlemen here who are anxious to be heard, and I am ready to stay here until next year to get the facts. That gentleman stated that laths were selling at \$2.25 a thousand in 1901, and at \$6 in 1907, and if true it is a fact of importance to be brought out.

Mr. CLARK. I stated that because I bought them at that time.

Mr. HILL. Is there any province in Canada, Mr. Knappen, where the crown lands are not sold at auction—the right to cut timber on them?

Mr. KNAPPEN. No, sir.

Mr. HILL. And where American citizens are debarred from purchasing those rights?

Mr. KNAPPEN. No, sir.

Mr. HILL. Any American citizen can go in and bid on a parity with the Canadian?

Mr. KNAPPEN. Yes, sir.

Mr. GRIGGS. Does Canadian lumber compete with the lumber of the South? Is there any real competition?

Mr. KNAPPEN. I do not think there is much real direct competition. Of course the argument of the interested lumbermen would be that with the introduction of Canadian lumber the white pine lumbermen might have to sell at a lower price now, and therefore cover a larger area, and in that way get farther South and in competition with the yellow pine.

Mr. GRIGGS. Could the Canadian lumbermen compete with the Georgia and Alabama and Mississippi lumbermen with the tariff taken off?

Mr. KNAPPEN. I think practically none at all.

Mr. BOUTELL. How would it be with the Mexican?

Mr. KNAPPEN. As to Mexican, Mr. Boutell, my understanding as to Mexico is that while there are some considerable forest areas there, it is not yet commercially available, and therefore can be practically dropped out of this discussion.

Mr. CLARK. Is it not a fact that they are shipping yellow pine into Canada now?

Mr. KNAPPEN. Yes, sir.

Mr. CLARK. That is, shipping it from our Southern States into Canada?

Mr. KNAPPEN. Yes, sir.

Mr. CALDERHEAD. You stated, Mr. Knappen, that the United States is the leading export nation in lumber. What proportion of our export goes to Canada?

Mr. KNAPPEN. My recollection is that our exports to Canada in 1907 were between nine and ten million dollars. If you put it at \$9,000,000, that would be about 15 per cent.

Mr. CALDERHEAD. From what part of the United States did it go?

Mr. KNAPPEN. A very considerable part of it went from the Southern States, but exactly what percentage I can not say. It seems that in the manufacture of agricultural implements this southern wood is much preferred.

Mr. CALDERHEAD. Hard pine, you mean?

Mr. KNAPPEN. Yes; and one of the large manufacturers of agricultural implements in Canada told me that practically all the timber they used in their industry was brought from the Southern States.

Mr. UNDERWOOD. You mean when they wanted good lumber they sent down there? [Laughter.]

Mr. KNAPPEN. That would be satisfactory to southern pride to put that interpretation on it.

Mr. RANDELL. What portion of the United States would be first denuded of timber, according to the present trend?

Mr. KNAPPEN. I should say that the States that will first be denuded of timber are Michigan, Wisconsin, and Minnesota. They are in the greatest danger now. That does not take in account the States

that have been practically denuded in the past, but existing lumber regions, I should say.

The CHAIRMAN. Are there any further questions? If not, that is all, Mr. Knappen.

Mr. KNAPPEN. We want to file a brief a little later.

The CHAIRMAN. You may do so at any time until the 4th of December; now, if you are ready.

STATEMENT OF MR. ARTHUR ROGERS, OF MINNEAPOLIS, MINN.

Mr. ROGERS. Mr. Chairman and gentlemen, I am a retail dealer as well as a manufacturer in Canada. My retail interests are this side of the line. I also have some interests on the other side of the line. As a retail dealer I am in favor of the removal of the tariff on lumber on the theory of the broadening of the markets?

Mr. UNDERWOOD. Do you live in the United States?

Mr. ROGERS. Yes, sir. I live in Minneapolis. I am in favor of the removal of the duty on lumber on the theory that the broadening of the markets would have a tendency to reduce the price of lumber to the consumer, and in reducing the price of lumber to the consumer it is not on the theory entirely that the consumer would be the only person benefited, but by reducing the price to him it would enlarge our business to that extent.

A question was asked of the gentleman before me with reference to selling lumber from the United States in Canada. The company I represent has lumber yards in Canada. During this year we have purchased a large quantity of lumber in the United States and shipped it into Canada, because we could buy that lumber in the United States for a less price per thousand feet than we could afford to deliver it from our own mill in British Columbia, because the cost of production, as we understand it, in British Columbia is higher than in the United States. We believe that if the American lumberman can ship his lumber to us as consumers, we as producers should have the same privilege of competing with the American on the same ground as he can compete with us. We have timber in the United States and we have timber in Canada. I do not believe that our timber in the United States would be affected in price by the removal of the duty, but it would enlarge our market in Canada without question. It would have this effect: That in years to come, on the very rapid advance in the price of lumber from the manufacturer to the middleman, the opportunity which the Canadian mill would have in this rapid advance would enable the retail dealer to maintain a more equitable market, and would not compel him to either sell his lumber at a much lower price or to advance it and then attempt to reduce, and to advance and reduce as the market advances and reduces on this side of the line. I do not believe that the price of lumber in the United States would be very materially reduced, on the average. I believe, however, that it would have a tendency to prevent rapid advances, because of the fact that with the competitive markets of the whole North American continent north of the Mexican line practically opened up it would give a man a larger market and better opportunity for competitive buying.

The ultimate consumer, if I may anticipate a question that will probably be asked, in our case is the farmer. We sell to the farmer.

Our price of lumber is based absolutely on the cost of the lumber to us. If we can buy fir lumber from the countries of pine lumber, from the Spokane district, at a certain price per thousand, while we do not advance and lower our prices as rapidly as the manufacturer sometimes does, at the same time the average of our retail price is based on the average of our cost of lumber from the manufacturer himself. We believe that if the duty was taken from lumber there would be a lower average price—not necessarily a lower price continuously, but a lower average price—of such a nature that we could have our price based on a lower average, and consequently sell at a more uniform basis year after year.

I am inclined to think I will be asked, and in all probability will be asked, Is the price of lumber too high? From the retailers' standpoint, the lower we can sell our product the better we like it; not because we do not want to make a profit; we do; but we want the man who sells to us to make a profit. If we can run a lumber yard at a \$100,000 investment, because the lumber costs \$2 a thousand less, we would rather do that. We can make more money. The percentage of profit is the true basis that we have in mind all the time.

The question of cost of manufacture, I presume, other gentlemen will enlarge upon, and unless you wish to ask me some questions that is all I have to say.

The CHAIRMAN. I understand when the manufacturer advances his price, you follow it, but not rapidly?

Mr. ROGERS. We can not do it; we do not follow him rapidly.

The CHAIRMAN. And when he lowers his price, you follow him in that?

Mr. ROGERS. Yes, sir; but not rapidly.

The CHAIRMAN. If one of your rivals happens to get out of high-priced lumber and buys a new invoice in the meantime and puts the lumber down, you follow more rapidly?

Mr. ROGERS. We have had that experience in the past twelve months, and unfortunately we have had to do it. We had a large amount of high-priced lumber.

The CHAIRMAN. The competition of lumber dealers in Minneapolis forces you sometimes to put down the price before you are ready for it, does it not?

Mr. ROGERS. Yes; but we are not dealers in Minneapolis. Our field is with the farmers west of Minneapolis.

The CHAIRMAN. But the tendency is to follow?

Mr. ROGERS. Yes; but it does not follow rapidly.

Mr. BOUTELL. You think the competition among the Canadian cutters would so bring down the initial price of lumber here that this \$2 a thousand could be passed on to the farmer?

Mr. ROGERS. I do not know that the \$2 could, but I should say that the minute the Canadian forces the price down, if we absorb one dollar of that, the other dollar would ultimately get to the consumer.

Mr. BOUTELL. So that, in your opinion, as a man dealing with the ultimate consumer, the repeal of the lumber duty would benefit the consumers as a class, in two ways: First, by an actual reduction to the individual purchaser, and, second, by greater uniformity in prices?

Mr. ROGERS. I think the last would be a greater advantage than the reduction would be—the uniformity of price.

Mr. BOUTELL. You state with greater confidence that there would be uniformity of price than that there would be a lowering of price.

Mr. ROGERS. That would be the tendency.

Mr. CLARK. What has produced the enormous advance of lumber in the last eight or ten years—that is, to the man that uses it?

Mr. ROGERS. I presume there are several things, but I presume the principal point has been the desire on the part of everyone to make some money. We would like to make some money.

Mr. CLARK. It has been the desire to make more money than they ought to be allowed to make.

Mr. ROGERS. That is a question, I suppose.

Mr. FORDNEY. Has the price of stumpage and labor advanced during that time?

Mr. ROGERS. Stumpage has advanced quite a little, but it has not advanced anywhere near as much as the price of lumber has advanced.

Mr. FORDNEY. You are a retailer, are you not?

Mr. ROGERS. Yes.

Mr. FORDNEY. Where are your yards located?

Mr. ROGERS. In North Dakota, Minnesota, and Nebraska.

Mr. FORDNEY. You are a Canadian manufacturer, are you not?

Mr. ROGERS. Yes, sir.

Mr. FORDNEY. Do you supply your yards from Canada?

Mr. ROGERS. Our American yards?

Mr. FORDNEY. Do you supply your American retail yards from the mills in British territory?

Mr. ROGERS. No, sir; but—

Mr. FORDNEY. You would do it if you had free trade on lumber?

Mr. ROGERS. We would if the price of our mill product was lower, or as low, as the prices of those who enter into competition with us were; otherwise, not. We would get the most out of it that we could. If we were in competition with other mills in Canada, and our retailers could buy cheaper from our competitors than we are willing to sell for, we would buy from the competitors.

Mr. CRUMPACKER. Is there not a strong sentiment among farmers in the entire Northwest for the abolition of the tax on lumber?

Mr. ROGERS. There is; yes, sir.

Mr. FORDNEY. What do you mean by "the entire Northwest?"

Mr. ROGERS. Well, we are doing business in Minnesota and North Dakota, and we know there is such a sentiment there, and it exists to some extent in Nebraska.

Mr. FORDNEY. How about Washington, Oregon, Idaho, and Montana?

Mr. ROGERS. They are producing States, and I do not know that I care to answer the question in regard to them.

Mr. FORDNEY. But that is practically the Northwest, is it not?

Mr. ROGERS. But I did not suppose it was intended to cover the whole map of that country.

Mr. FORDNEY. But he said the "entire Northwest."

Mr. ROGERS. Well, in those prairie States they are consumers, not producers.

Mr. CRUMPACKER. I suppose you include Indiana?

Mr. ROGERS. I would be glad to.

Mr. FORDNEY. When you purchased lumber in Canada from the Washington manufacturer did you buy it any cheaper than for the same grade of lumber in other parts of the United States?

Mr. ROGERS. I do not think we did.

Mr. FORDNEY. You are not the witness, then, that Mr. Knappen referred to to show that the American was selling cheaper in Canada?

Mr. ROGERS. If I am, Mr. Knappen did not understand the position. I told Mr. Knappen that I bought lumber in the United States because the American lumberman could afford, I imagine, to sell that lumber cheaper than the Canadian.

Mr. FORDNEY. The lumber business on the Pacific coast in the last twelve months has been in a bad condition, has it not?

Mr. ROGERS. Probably no worse than the lumber business anywhere else, relatively, excepting the Mississippi Valley.

Mr. FORDNEY. I think so.

Mr. ROGERS. Well, possibly you may be better informed than I am.

Mr. FORDNEY. The freight rates are against them on the low grades of lumber, are they not?

Mr. ROGERS. Freight rates have only been advanced in less than sixty days, so that that could not be used over the twelve months.

Mr. FORDNEY. Now, Mr. Rogers, in favoring the reduction of the duty on lumber, are you speaking from the consumers' standpoint in the United States or the manufacturers' standpoint of the Canadian or British Columbia lumber, or both?

Mr. ROGERS. As a matter of fact, the British, of course, would like to have it; there is no question about that. Every man is selfish, and we are probably just as selfish as you are in Michigan, or anywhere else, so far as lumber is concerned. As middlemen, we would like to see it off in the United States because we can take care of our trade to a better advantage by having a larger market to draw from.

Mr. HILL. You have lumber yards in Canada as well as in the United States?

Mr. ROGERS. Yes, sir.

Mr. HILL. Do you sell the southern pine in Canada?

Mr. ROGERS. None at all.

Mr. HILL. How long have you been in business?

Mr. ROGERS. I have been in the lumber business twenty-seven years.

Mr. HILL. When you began business at retail, what was the price of first-class uppers?

Mr. ROGERS. I don't remember that.

Mr. HILL. What are you selling them at now—for the selects, first quality, white-pine lumber?

Mr. ROGERS. Our best finished lumber, probably of which very little is sold, is about \$60, roughly.

Mr. HILL. You would not call that what is known to the trade as "uppers?"

Mr. ROGERS. The average trade that we handle does not use much high-grade lumber.

Mr. HILL. You can not get it?

Mr. ROGERS. Oh, we can get it.

Mr. HILL. Where from?

Mr. ROGERS. We can buy of the Cliquot Lumber Company. They have a representative here.

Mr. HILL. An American product?

Mr. ROGERS. Do you mean in Canada?

Mr. HILL. Yes.

Mr. ROGERS. In Canada we would buy uppers from the mountains in the form of spruce. We do not use pine.

Mr. HILL. What are you retailing first-class uppers for in the American yards?

Mr. ROGERS. About \$60.

Mr. HILL. What are you selling laths for at retail?

Mr. ROGERS. I think it is about \$5.

Mr. HILL. How low have they sold during the twenty-seven years that you have been in business?

Mr. ROGERS. As low as \$2.

Mr. FORDNEY. In what year?

Mr. ROGERS. I can not state that.

Mr. FORDNEY. From 1893 to 1896, wasn't it?

Mr. ROGERS. I have produced lath for less than 90 cents, and sold it at 90 cents in Minneapolis.

Mr. HILL. You say they are selling at \$5.

Mr. ROGERS. Yes.

Mr. HILL. I have sold some myself for less than \$2. Do you sell southern pine, North Carolina pine, in your yards?

Mr. ROGERS. No; excepting in Nebraska; we handle a little in Nebraska.

Mr. HILL. What is the price of ordinary roofer, North Carolina roofer, that you are now selling in Nebraska, the next grade above mill cut?

Mr. ROGERS. I do not remember, but if I have the data I will get it and hand it in.

Mr. HILL. I would be glad to have you to do so.

Mr. ROGERS. I am frank to say that I am not very well posted on the detail of prices.

Mr. BOUTELL. I think you are undoubtedly the best witness that we will have to explain the dilemma in which my friend, Mr. Clark, fell as an ultimate consumer in 1908. Did his experience in paying \$6 a bundle for laths in 1908, as against \$3.25 in 1901, represent the normal trend in the lumber business, or was that an abnormal condition in the retail trade at that particular point?

Mr. ROGERS. It was not due to the retail trade. You had a price the retailer had to pay the producers for the laths.

Mr. BOUTELL. Was that brought about by a combination which had raised the price?

Mr. ROGERS. I do not believe there is a combination amongst the manufacturers anywhere. I believe that is entirely due to the supply and demand for the product.

Mr. BOUTELL. But was purely a normal increase, unaffected by any monopoly regulations?

Mr. ROGERS. I do not believe there is a monopoly in the lumber business; none that I know of.

Mr. UNDERWOOD. You are a manufacturer of Canadian lumber. You are familiar with the stumpage laws of the provinces?

Mr. ROGERS. Yes; the sections where we are located.

Mr. UNDERWOOD. For what purpose did the province place a stumpage tax on export logs?

Mr. ROGERS. As I understand it, that is not exactly the case. The Canadian government—that is, the British Columbia government—placed an embargo on the exportation of logs from their own limits, what they call the provincial limits.

Mr. UNDERWOOD. That is what I asked you. Do you call it an embargo or tax?

Mr. ROGERS. There was no tax, it is simply a prohibition.

Mr. UNDERWOOD. An absolute prohibition?

Mr. ROGERS. An absolute prohibition.

Mr. UNDERWOOD. That was for the purpose of conserving their forests at home?

Mr. ROGERS. It is pretty hard to tell what the government does things for; I do not know.

Mr. UNDERWOOD. Well, wasn't it so stated that it was for that purpose?

Mr. ROGERS. Possibly so.

Mr. UNDERWOOD. What I want to ask you is, if they did put an embargo or tax, whichever it is, on their stumpage for the purpose of conserving their forests at home, if we took off the entire tax on lumber, would they not also put a tax or embargo on it, to still conserve their unsawed lumber and forests?

Mr. ROGERS. I do not believe that the Canadian government figures at the present time on the question of conservation very strongly. If they did put an export duty, then I believe it would be up to this Government to reinstate its tariff.

Mr. UNDERWOOD. That is what I am getting at. Then you think it would be unwise for us to absolutely repeal the tax on lumber unless we did it in a qualified way, and left it to the executive department to regulate?

Mr. ROGERS. I think probably that would be the method.

Mr. UNDERWOOD. In other words, it would be necessary to have a maximum and minimum rate?

Mr. ROGERS. I don't know that it would be necessary to do that. I should think it would be perfectly proper for this Government to insist that the lumber from Canada should come in free if we remove the duty.

Mr. UNDERWOOD. In other words, it would be unwise, perhaps, for us to remove a tax that is now coming into the Federal Treasury and allow the Canadian government, or its provinces, to put the same tax on timber to conserve theirs?

Mr. ROGERS. But the tax that comes into the Federal Government is very small from Canadian lumber.

Mr. UNDERWOOD. At what point, as a lumber dealer, do you think the tax should be placed that would produce the greatest revenue to this Government? It is \$2 now on sawed lumber.

Mr. ROGERS. It is more than \$2.

Mr. UNDERWOOD. On certain kinds of sawed lumber?

Mr. ROGERS. As a matter of fact the other kinds of lumber are the kinds that cut the most figure. The consuming trade does not use much rough lumber. The tax runs up to \$3.

Mr. UNDERWOOD. At what point do you think a reduction of the tax on sawed lumber and finished lumber would produce more revenue for the Government than the present tariff?

Mr. ROGERS. I believe that if the tariff on lumber was say 50 cents, that we, as a sample, would ship more lumber into the United States than we do at \$3. But it is very hard to tell the proportion.

Mr. UNDERWOOD. Would that produce more revenue? That would cut down the amount of the tax to one-sixth.

Mr. ROGERS. That is pretty hard to tell.

Mr. UNDERWOOD. From a revenue standpoint then, you are unable to tell?

Mr. ROGERS. You can not tell that. If the production in the United States was as low as it has been in 1907, the removal of \$1.50 duty would not bring in much lumber. If the lumber prices were as high as 1907, the removal of \$1, \$1.50, or \$2 would bring in a great deal of lumber possibly. I imagine the lumber manufacturer selling on this side of the line would use just exactly the same kind of business methods that he always has. If he found it was necessary to reduce the price to meet competition he would reduce it what was necessary, and if it was not necessary he would not do it.

Mr. FORDNEY. That is true if the conditions should be the reverse. If the price of lumber is higher and there is a good demand for it anywhere, then it would find another market, but when the price is exceedingly low, then is when the Canadian lumbermen will dump his low-grade lumber on the American market.

Mr. ROGERS. I do not believe that is the case, and this last year is a sample. There has been practically no Canadian lumber coming into this country, at least not in any such volume as last year.

Mr. FORDNEY. Isn't it true that after having had the good prices that they were hanging on to wait for Taft's election, believing that they would have better prices?

Mr. ROGERS. On the other side of the line, do you mean?

Mr. FORDNEY. Everywhere.

Mr. ROGERS. I wish it was so on the other side.

Mr. FORDNEY. Well, when prices are good on this side they are good on the other side.

Mr. ROGERS. But not in the same proportion.

Mr. FORDNEY. Well, I used to manufacture in Canada, and I found it so.

Mr. ROGERS. Well, I have, too.

Mr. FORDNEY. Isn't it true that quite likely the Canadian government put an embargo upon logs in order to benefit their own manufacturers and labor, by compelling that lumber to be manufactured at home?

Mr. ROGERS. I presume that was the case. At the same time, if the Puget Sound mills can increase their exports to foreign markets in the proportion that has been shown, as against the increase in Canada, does it look as though the Canadian government needs to do very much to protect the labor in that country?

Mr. FORDNEY. But does it not look, on the other hand, in answering your question, that they have no market for their low grades, and do not increase their foreign trade on high grades for that reason?

Mr. ROGERS. I do not think that is the case.

Mr. FORDNEY. What do they do with their low grades?

Mr. ROGERS. The low grades go on the prairies; otherwise, I imagine they do, as I suggested a while ago, leave the tops in the woods.

Mr. FORDNEY. Or otherwise it would come to the United States, would it not; a very large amount of it?

Mr. ROGERS. It would providing the American manufacturer did not meet the competitive conditions and put his price where their prices were.

Mr. FORDNEY. I manufactured lumber in Canada when white pine was on the free list, and we dumped the mill cuts into the United States market.

Mr. ROGERS. I understand that the bulk of the low-grade product of the Canadian mills comes to the United States even now.

Mr. GAINES. Did I understand you to say that the cost of production was greater in Canada than in the United States?

Mr. ROGERS. Yes, sir. I might qualify that because I do not know all of Canada. I do know certain sections where we are manufacturing.

Mr. GAINES. Where do you manufacture in Canada?

Mr. ROGERS. In the mountain district, in the country like that north of Spokane.

Mr. GAINES. Do you know about the prices farther east?

Mr. ROGERS. No; I do not, excepting what I have been told by others. If you will permit this sort of a statement I will say that I have in process of compilation some figures from a party manufacturing both sides of the line for some distance in the eastern portions of the country, and that the compilation will be filed with the committee with a brief. That will give the figures in writing, and I can put that in at any time it is wanted.

Mr. GAINES. Your own statement you will file also?

Mr. ROGERS. Yes. We have stumpage both sides of the line, and our stumpage in the United States is very much better than it is in Canada.

Mr. DALZELL. About this embargo; how is the embargo made effective?

Mr. ROGERS. The British Columbia government simply says that you can not take the logs across the line.

Mr. DALZELL. Is that done by executive order?

Mr. ROGERS. I think they call that an act of council—by act of council—that is, the premier and his cabinet can do it if they wish.

Mr. DALZELL. It is not one of the stipulations of sale?

Mr. ROGERS. No, sir.

Mr. DALZELL. But by executive order or order in council?

Mr. ROGERS. Yes, sir. That is not a Dominion affair, but it is purely provincial. The Dominion of Canada can pass any tariff legislation that it likes to control provincial conditions.

Mr. GRIGGS. What is the average difference in price between lumber now and ten years ago, to the ultimate consumer?

Mr. ROGERS. I think the price is about \$10.

Mr. GRIGGS. Ten dollars difference?

Mr. ROGERS. Yes. I can not tell you that positively. I should say in the neighborhood of eight to ten dollars?

Mr. GAINES. On what grades?

Mr. ROGERS. On the average of sales. You can not designate any one grade. A member of the committee might say: "Your No. 4 boards sell at less;" and they undoubtedly do. But you have got

to take the entire product of the log. Ten years ago the manufacturing in Minneapolis—

Mr. FORDNEY. Make it twelve years ago.

Mr. ROGERS. I manufactured twelve years ago. We did not save any box lumber at all outside of No. 4 boards, because we could not sell them. The price of No. 4 boards, and their scarcity, advanced so rapidly that we finally began saving what we called three-man boards; and after that those boards advanced so rapidly and became so good, as considered from the standpoint of the manufacturer, that we took to manufacturing box shooks, sorting out anything 3 inches wide and 12 inches long. Now, then, if the low-grade boards of Canada had cut such a terrible figure, you would, as a manufacturer, have gone to the trouble to save the 3 to 12 inch boards.

Mr. FORDNEY. What did you do with the lower grades?

Mr. ROGERS. Sold them, as far as we could.

Mr. FORDNEY. Twelve years ago, when the price was low, you say that you did not save them?

Mr. ROGERS. Burned.

Mr. FORDNEY. Under a low price would not that be the tendency again?

Mr. ROGERS. I do not believe it would, because the price of boards has advanced more than the duty?

Mr. FORDNEY. Advanced more than the duty?

Mr. ROGERS. I would like to make an explanation there. I do not believe that any first-class lumberman to-day would go into a bunch of timber and leave the tops because it possessed, in a large part, low-grade boards.

Mr. FORDNEY. We do it now on the Pacific coast.

Mr. ROGERS. Yes; the Pacific coast up to two years ago took 2 by 4 by 8 and burned them.

Mr. FORDNEY. Why?

Mr. ROGERS. I never could understand it.

Mr. FORDNEY. I can tell you why; because it would not be profitable to do anything else with them.

Mr. ROGERS. I am not so sure about that.

Mr. FORDNEY. I am in the business out there and I know.

Mr. ROGERS. So am I.

Mr. GRIGGS. Lumber is higher now than it was two years ago?

Mr. ROGERS. It is lower.

Mr. GRIGGS. How do they use those boards now?

Mr. ROGERS. Those boards never had any trouble to find a market, excepting from 1892 to 1897, when we could not sell anything.

Mr. BOUTELL. If the difference between lumber now and ten years ago is \$10 a thousand, and it is cheaper now than it was two years ago, then at its maximum it must have been much more?

Mr. ROGERS. Two years ago was not its maximum. Last year was the maximum.

Mr. BOUTELL. What was the difference in price of lumber last year from what it was ten or twelve years ago?

Mr. FORDNEY. Pardon me, but will you qualify that question by asking whether it was for the manufacturers' or the consumers' purposes?

Mr. BOUTELL. It is immaterial to me as long as the witness specifies which he is giving. I understand you to say, in answer to a question

by Mr. Griggs, that the difference between the price of board lumber at the present time and the price ten years ago was \$10 a thousand?

Mr. ROGERS. I am not taking the maximum price. That is a maximum price for the last two years.

Mr. GRIGGS. I asked you as to the average.

Mr. ROGERS. That is what I understood. I took the maximum and minimum for ten years.

Mr. BOUTELL. The only point I am trying to get at is this: Even with the ultimate consumer getting the full benefit of a \$2 reduction, we would still be \$8 ahead on account of something besides the tariff over what we were ten or twelve years ago?

Mr. ROGERS. I guess I am rather dense, but I do not quite follow you.

Mr. BOUTELL. I give this simply for the purpose of illustration: If lumber to-day is selling for \$10 a thousand more than it was ten years ago, and we repeal the duty so that the ultimate consumer gets the entire benefit of the reduction of \$2, he would still then be up to \$8 a thousand more than he was ten years ago.

Mr. ROGERS. Unquestionably. That is simple subtraction—two from ten is eight.

Mr. BOUTELL. But the point is this, that some other factors besides the tariff had to do with the raising of the price of lumber, and that the ultimate consumer is not going to get back to where he was twelve years ago by a reduction.

Mr. ROGERS. He never will. The price of lumber will never go down to where it was ten years ago.

Mr. FORDNEY. If the price of lumber on the Pacific coast is \$10 higher than it was twelve years ago, then he must be getting \$20 higher than it was then?

Mr. ROGERS. The price of lumber on the coast I do not believe is \$10 higher. But the coast is not the only factor. There are other localities that you must consider. I think in Minneapolis it is more than \$10 higher.

Mr. FORDNEY. How about the South?

Mr. ROGERS. I am not familiar with the South, and I do not know anything about it.

Mr. FORDNEY. As compared with the whole manufacturing product of lumber in the United States to-day, is Minneapolis only a small portion?

Mr. ROGERS. It does not cut much figure any more.

Mr. FORDNEY. Then that is not a fair statement as to the average?

Mr. ROGERS. Not any more than taking the Pacific coast as an average of the whole thing.

Mr. FORDNEY. A very large quantity is cut on the Pacific coast.

Mr. ROGERS. Not as much as in some other districts.

Mr. FORDNEY. Where, for instance?

Mr. ROGERS. In the South.

Mr. FORDNEY. What is the difference in proportion, Mr. Rogers?

Mr. ROGERS. In the production?

Mr. FORDNEY. Yes; between the Pacific coast and the South.

Mr. ROGERS. I do not know.

Mr. FORDNEY. But you know that it is greater in the South?

Mr. ROGERS. Yes; I believe it is. Don't you?

Mr. FORDNEY. I do not think it is.

Mr. ROGERS. I am not positive. I would not be positive about that, because I do not know. But I am simply judging by running through my mind the manufacturers that I know in the South.

Mr. CLARK. Isn't it true that white-pine lumber is so high that it has driven people to using sycamore, cottonwood, and other soft woods for inside finishings, that ten or fifteen years ago were considered absolutely worthless?

Mr. ROGERS. There is no question about that in my mind.

Mr. CLARK. You state it as your opinion that lumber will never be as cheap again as it was ten years ago. That grows largely out of the fact that the supply is diminishing, does it not?

Mr. ROGERS. That is the reason.

Mr. CLARK. The price of lumber is driving people to use concrete and other substances in place of white pine in the building of dwelling houses?

Mr. ROGERS. That is our experience; get less lumber business each year.

Mr. CLARK. Is there a lumber trust, or is there not?

Mr. ROGERS. I do not believe there is.

Mr. CLARK. How does it happen that these men who manufacture keep the prices up to a certain equilibrium all the time? Is that accidental, or is there a scientific reason for it?

Mr. ROGERS. The manufacturer is here and he will answer that question himself.

Mr. CLARK. If you do not want to answer, all right.

Mr. ROGERS. We are buyers.

Mr. POU. Under which condition do you think the destruction of forests is greater, under high prices or low prices of lumber?

Mr. ROGERS. We are stumpage owners this side of that line. If the price was high we would like to produce that into lumber and get the profit. If our policy would be that of other people, I should say the high price would tend to reduce the amount of available supply. That would reduce the carrying charge on a product when the price gets above a certain point. Then you get your profit if you sell, and you would rather manufacture than carry that investment if you figure that the profits on that investment would be much greater than the profits of manufacture.

Mr. POU. Which condition do you think would stimulate the free owner, high prices or very low prices?

Mr. ROGERS. When lumber gets down, or when any other commodity gets down below the cost or near the cost of production, the natural tendency is to stop production. I should suppose that would apply to manufacturing lumber as well as anything else.

STATEMENT OF MR. F. B. LYNCH, ST. PAUL, MINN.

Mr. LYNCH. Mr. Chairman and gentlemen of the committee, I am here as an American interested in the upbuilding of the Northwest, where I own large tracts of real estate, as an American interested in the manufacture of lumber in Canada, and as an American who also owns timber in the United States. I believe that the greatest good for the greatest number of people will be helped by the removal of the tariff on lumber coming into this country. Whatever tends to reduce the cost of making homes for our citizens tends to make them better citizens.

I do not think the removal of the duty will reduce the price of lumber which now prevails here. The Canadian manufacturer with his higher cost of production can not sell lumber in the American market to-day any cheaper than the American manufacturer sells it. But if the price of the product should again go up to the point at which it was two years ago and where it was for several years prior to that, a Canadian manufacturer could come into this market and sell his production in competition with the American manufacturer, and greatly to the benefit of the American consumer. It is possible that at the prices which then prevailed he could undersell the American manufacturer.

I am not well enough posted on lumber conditions on this side of the line to give much information concerning the cost of lumber here. I can tell you a good deal of the cost of production, the cost of stumpage, the cost of erecting sawmills and of operating them, and the price of labor on the other side of the line. I am now and have been for several years past one of the principal owners of two of the largest mills in western Canada, namely, the Red Deer Lumber Company, at Barrows, Saskatchewan, in the spruce district, and of the Elk Lumber Company, at Fernie, British Columbia, in what is known as the mountain district in British Columbia. Each of these mills has a capacity of about 35,000,000 feet per annum. Each of these mills, with their planing mills, yards, logging equipment, and other necessary improvements, cost us about \$400,000. This is exclusive of the cost of our standing timber.

I have been told by men who own similar mills on this side that their plants and equipment here cost about \$250,000. The difference in cost is accounted for by the tariff charged by the Canadian government on the American machinery with which our mills are equipped, the high freight rates which we have had to pay on this machinery, the high cost of labor which prevails there, and the lack of efficiency of the Canadian mechanic as compared with the American mechanic.

Our logs at the Red Deer mill, where we are sawing spruce exclusively, cost us at the mill \$7 per thousand. Our stumpage at this mill, together with the royalties paid to the Canadian government, costs us about \$3 per thousand. At the Elk mill, where we saw cedar, fir, and spruce, our logs cost us \$6 per thousand. Our stumpage at this mill, together with the royalties paid to the government, costs us \$1.50 per thousand. Our cost of manufacturing, including the cost of surfacing, piling, loading, selling, insurance, interest, and taxes at each point is about the same, viz, \$5 per thousand.

We employ no oriental labor in any capacity or place. Most of our employees are Americans. All of our highly skilled employees, including our manager and superintendents, learned their trades or business on this side of the line. They went to Canada for us because we were willing to pay them higher wages than they were receiving here. We were willing to pay these wages because these men were more efficient workmen than we could get on the other side and would do more and better work than the Canadian workmen. They were cheaper for us than Canadian workmen at lower wages, but were no more efficient than the thousands of American workmen employed on this side in American mills, and who, I believe, receive lower wages than we are paying these men.

Mr. LYNCH. I have a statement here showing the average wages paid at the mills of the Elk River Company, at Fernie, British Columbia, and of the Red Deer Lumber Company, at Barrows, Saskatchewan. Perhaps you would not care to have me read this table, and if not, I will pass that and continue my statement.

The CHAIRMAN. Do you mean wages by the day, hour, or how?

Mr. LYNCH. By the day.

The CHAIRMAN. State the number of hours.

Mr. LYNCH. Based upon ten hours a day.

The CHAIRMAN. And how many days in a week?

Mr. LYNCH. Six days in a week.

The CHAIRMAN. No half holidays?

Mr. LYNCH. No half holidays.

The CHAIRMAN. You have not a statement of the wages paid in the American mills, have you?

Mr. LYNCH. I have not; no, sir. I will file this statement.

Mr. GAINES. How long is the statement?

Mr. LYNCH. It is somewhat less than a page.

The CHAIRMAN. I think perhaps you had better read it.

Mr. LYNCH (reads):

Average wages paid at the mills of the Elk Lumber Company, at Fernie, British Columbia, and of the Red Deer Lumber Company, at Barrows, Saskatchewan, for the years 1903 to 1907, inclusive.

	Per day.
Band sawyers	\$7. 50
Gang sawyers	4. 50
Tail sawyers	2. 50 to 3. 00
Edger men	3. 00 to 3. 75
Trimmer men	3. 25
Setters	3. 75
Carriage riders	3. 00
Helpers on trimmer	3. 00
Transfer men and laborers	2. 00 to 2. 60
Band filer	8. 50
Round saw and gang filer	7. 00
Millwrights	4. 00
Engineer	4. 00
Fireman	3. 00
Blacksmith	3. 75
Machinists	3. 75
Boom men	3. 25
Laborers	2. 50
Watchmen	2. 50
Grader	2. 75
Sorters and transfer men	2. 25
Lumber pilers	2. 25 to 2. 75
Laborers in yard and loading cars	2. 25
Others in mill and planing mill	2. 75
Planing mill:	
Machine feeders	2. 50 to 3. 50
Helpers	2. 25
Teamsters	2. 50
Carpenters	4. 00
Helpers	2. 50
Manager	^a 4, 000. 00
Mill foreman	^a 1, 500. 00
Yard foreman	^a 1, 500. 00
Bookkeeper	^a 1, 200. 00
Timekeepers and clerks	^b 60. 00 to 85. 00

^a Per year.

^b Per month.

During the same period the same mills have paid wages to their men in the woods, they doing all of their own work and doing no logging through contractors.

	Per day.
Loaders	\$2. 80
Swampers	1. 85
Sawyers	2. 25
Teamsters	2. 35
Railroad men	2. 50
Stable boss	2. 60
Hook men	2. 25
Blacksmith	3. 40
Filer	3. 00
Camp tender	2. 25
Railroad laborers	2. 05
Cook	3. 40
Cookees	2. 25
River men	3. 00
Clerks	3. 00
Foreman	4. 35
Teams without drivers	3. 00

The superintendent receives \$1,600 to \$2,000 per annum.

All men working in the bush are paid so much per month and their board. The figures given above for their day labor is the amount which they would receive per day, figuring twenty-six working days to the month and adding the cost of their board, averaged in nine different camps, to the daily wage paid to them.

The CHAIRMAN. Have you any extra copies of that statement?

Mr. LYNCH. I have none with me, but I can furnish you some.

The CHAIRMAN. If you will kindly let me have the statement, I will have some copies made for use of the members of the committee.

Mr. FORDNEY. How do those wages compare with the wages paid now?

Mr. LYNCH. Those are the same wages that we are paying now. Those are the figures up to July 1, 1908.

I do not think that the wages which we pay are much, if any, higher than those paid by our Canadian competitors. Our scale may be higher in some instances, but it is made up by the increased efficiency of the workmen we employ. I think these wages are higher than those paid by most American plants and are only equaled by a very few of the best inland empire mills.

In the matter of stumpage and its cost on the Canadian side, I would say that it varies greatly, as it does on this side, according to its nearness to market, the facility with which it can be logged, the character of the timber, and the danger of fire. All of the timber in Canada, however, carries a minimum royalty to the government of 50 cents per thousand, board measure (this is equal to about 70 cents per thousand, log scale), and from that up to \$6 per thousand in royalty in some of the eastern provinces. In British Columbia the prevailing royalties are 50 and 60 cents per thousand. To these royalties, to find the cost of stumpage, must be added the bonus which is paid to the Dominion government when the license to cut the timber was issued by the government, and which amounts, according to the competition which prevailed when the timber was sold by the government, to from 15 cents to \$2 per thousand. This bonus is paid to the government in cash when the timber is sold, while the royalty is paid to the government when the timber is sawed. We also pay a royalty to the government on all of our by-products, including lath and shingles.

The item of taxes varies in the different Provinces and on different classes of timber, but runs from \$5 per square mile, which is the lowest annual rental on timber in the prairie Provinces, to \$140 per square mile on the heavy timber in British Columbia, west of the Cascade Mountains. This tax or rental is paid annually and is an addition to the local or business taxes which may be paid. Most of our holdings are east of the Cascades, in British Columbia, in the mountain district, where we pay a tax of \$115 per square mile per annum. On the amount of timber which we hold this tax amounts to about 6 cents per thousand per annum. This is treble the tax paid by us on our holdings on this side of the line. The fee of the land does not go with this. That is always retained by the Crown-American owners.

I do not know of any expense item which goes to make up the cost of lumber which is not as heavy or heavier upon the Canadian manufacturer than it is upon the American manufacturer. They are certainly closer to the consumer in the United States than the Canadian mill would be. This would imply lower freight rates and better service for the American mills.

It would appear to me, in view of the foregoing facts, that the American manufacturer will have little fear from the removal of the tariff, unless he raises his prices much above the present level. If his cost of manufacture advances, the cost will also advance to his competitor. If the price of the log on the stump is increased much beyond the present level, the owner of the stumpage will have to compete with the Canadian timber owner, unless he should also advance the price of his stumpage. This, I do not believe he will do. The open competition which would be brought about by the removal of the tariff would not be an evil to the general public.

Mr. FORDNEY. You are speaking from a Canadian manufacturer's standpoint, are you not?

Mr. LYNCH. Yes, sir.

Mr. FORDNEY. Your interest in the production of lumber is limited to Canada?

Mr. LYNCH. Almost entirely.

Mr. FORDNEY. Now, I do not know that I ought to ask you this question, but I think I will do so: What is your politics, Republican or Democrat?

Mr. LYNCH. I am a Democrat.

Mr. CRUMPACKER. In relation to these royalties paid or required in Canada, that is upon land owned by the Provinces or Dominion?

Mr. LYNCH. Yes, sir.

Mr. CRUMPACKER. If a private individual owns timber land, or a company, they can ship the product into the United States, or out of the Dominion, without any royalty or special tax, can they not?

Mr. LYNCH. Yes, sir. I would like to qualify that statement, however, by saying that there is less than 1 per cent of timber lands of Canada that is not owned by the Crown.

Mr. CRUMPACKER. You can rent it from the Crown cheaper than you can buy it?

Mr. LYNCH. You can not buy it; you can not buy crown timber.

Mr. CRUMPACKER. Those royalties, so far as your experience goes, are very low prices for the timber. are they not?

Mr. LYNCH. I thought they were when I went over there, but I am not so sure of it now.

Mr. LONGWORTH. How much did you say it was?

Mr. LYNCH. In British Columbia from 50 to 60 cents a thousand. In some of the eastern provinces I understand it goes up as high as \$6 per thousand.

Mr. HILL. Sold at auction?

Mr. LYNCH. Sold at auction, sealed bids.

Mr. FORDNEY. No timber on the American side sells at 50 to 60 cents at public auction?

Mr. LYNCH. Mr. Fordney, we were offered the timber that the Northern Pacific Railroad sold to the Weyerhæuser people—I do not say we were offered it, but we put in a bid for it and the Weyerhæuser people got it—and the price of that timber, on the Northern Pacific estimates, was less than 20 cents per thousand.

Mr. FORDNEY. When was that, Mr. Lynch?

Mr. LYNCH. Seven years ago.

Mr. FORDNEY. In what States?

Mr. LYNCH. Washington, Oregon, and Idaho.

Mr. FORDNEY. The Weyerhæuser timber companies purchased in Washington in 1898 and 1899?

Mr. LYNCH. I beg pardon, it was 1901. I was a bidder on the same timber.

Mr. FORDNEY. The big purchase from the Northern Pacific?

Mr. LYNCH. It was in 1900 or 1901. In 1899 we bid on all the land which the Northern Pacific owned in Minnesota. The succeeding spring they sold to the Weyerhæuser people.

Mr. FORDNEY. In December 1899 I applied to the Northern Pacific for the prices on land in Washington, and they informed me that the big sale had been made to the Weyerhæuser people.

Mr. LYNCH. Possibly. It was not publicly announced, Mr. Fordney, until later.

Mr. UNDERWOOD. Mr. Lynch, you are in the lumber business in Minnesota?

Mr. LYNCH. No; in the land business in Minnesota.

Mr. UNDERWOOD. I want to know—and I am glad to talk to a Democrat who is in the lumber business, because unfortunately we do not have many Democrats come before us, but usually the fellow who wants to get something [laughter]—but our party stands for a revenue tariff, and I want to ask you—

The CHAIRMAN. Well, Mr. Underwood, are you asking the witness that? I would like to know what they do stand for.

Mr. UNDERWOOD. I have just announced it to you. The only difference between us is that on the stump the Republican party say that we stand for free trade, and when we come into committee, and they want to give somebody a special privilege, they want to stand for free trade, and do not want us to stand for a revenue tariff. I want to ask you what effect this proposition you have made would have on the revenue features?

Mr. LYNCH. If the tariff was removed entirely?

Mr. UNDERWOOD. Yes.

Mr. LYNCH. I think it would reduce the revenue to the United States to the amount which is now paid on lumber products.

Mr. UNDERWOOD. On account of the position that the Canadian government has taken on the stumpage question, do you think it is probable that they would put a tax, or embargo, on lumber, so that the revenue would go into their treasury, and we would merely lose the lumber, without getting the advantage in price?

Mr. LYNCH. I do not think it is probable that they would do that, but it is possible that they might, of course. If that should be done, the Executive of the United States should be given power to place a retaliatory duty on Canadian lumber.

Mr. UNDERWOOD. You do not think it would be wise to pass a bill that just provided for free lumber, without any control by the Executive, under present conditions?

Mr. LYNCH. Do you mean by that reciprocity—a reciprocal arrangement?

Mr. UNDERWOOD. Either reciprocity or a maximum or minimum tariff.

Mr. LYNCH. I think that probably a reciprocal arrangement would be more advantageous.

Mr. UNDERWOOD. You think that would be the safer proposition?

Mr. LYNCH. Yes, sir.

Mr. UNDERWOOD. Now, at what point do you think the duty could be levied on lumber that would produce the greatest revenue to the Government?

Mr. LYNCH. Well, I think possibly at a dollar a thousand, making it a specific duty, and not making a higher duty on surfaced lumber than there is on rough lumber.

Mr. UNDERWOOD. You would think that a revenue tariff would be about a dollar a thousand?

Mr. LYNCH. I think so; yes, sir.

Mr. GAINES. Do you advocate a dollar a thousand on lumber products?

Mr. LYNCH. I do not, sir.

Mr. GAINES. What are you advocating?

Mr. LYNCH. I think it should be free trade.

Mr. GAINES. Then you are not the sort of a tariff Democrat that Mr. Underwood is, and now we do not know where you stand.

Mr. CLARK. Well, I judge from the things we hear here, that the reference in the Republican platform to the tariff meant that the tariff will go up.

The CHAIRMAN. You have not seen our bill yet.

Mr. CLARK. Well, I have seen the platform, and am listening to these hearings.

What reason is there for the Canadian government devising that double price upon this lumber, so much a square mile rental, and so much royalty on a thousand feet?

Mr. LYNCH. The Canadian government never passes the title to its lands. When it passes a right to cut the timber it always retains the fee to the land. They charge in lieu of their taxes a rental on that land, which is paid annually, and that is in addition to the bonus which you have to pay the government when you acquire the difference, and also in addition to the royalty which you have to pay when you saw it.

Mr. CLARK. When the American lumberman gets hold of American lands, he gets the fee, does he not?

Mr. LYNCH. He gets the fee.

Mr. CLARK. He has the soil after he cuts the timber off.

Mr. LYNCH. Yes; and in many cases it is much more valuable than the timber.

Mr. CLARK. As a matter of fact this timber land is being skinned off in Minnesota and Wisconsin, and up in that country—Michigan, I suppose, too—and sells after the timber is taken off for about as much as the government price of the original land?

Mr. LYNCH. Mr. Stout, a member of a lumber company in Wisconsin, told me two or three weeks ago that he had several thousand acres of land in Wood County, Wis., that they had logged from—I think he said three times—and the land was now worth \$25 per acre.

Mr. CLARK. How much did he give for it originally?

Mr. LYNCH. He did not say.

Mr. CLARK. What is the reason the Canadian government does not give the fee to this land?

Mr. LYNCH. It is a question of policy of the government.

Mr. CLARK. What is the reason for the policy?

Mr. LYNCH. I am not furnished the reasons for the action of the Canadian government.

Mr. CLARK. You take these pine lands in the northern part of the United States; they are cutting saplings there now that do not produce lumber more than 4 inches, 5 or 6 inches wide, do they not?

Mr. LYNCH. Yes, sir.

Mr. CLARK. And the American forest will not reproduce itself?

Mr. LYNCH. They do if they are taken off slowly.

Mr. CLARK. Suppose you cut off all the pine on the pine land in Wisconsin and Minnesota, clean it clear off, clear it out, would that come up in pine again?

Mr. LYNCH. I do not think it would.

Mr. CLARK. That is my understanding about that.

Mr. POU. I didn't exactly understand your opening remarks, because I could not hear distinctly. Did I understand you to say that in case this duty were removed it would not affect the price to the users of lumber?

Mr. LYNCH. At present I do not believe it would change the price a particle. It costs just as much to produce lumber in Canada as it does here. I do not think that we could ship anything in here at the present price in competition with the prices that prevail now, without the duty; but I went on to say that if the price should be materially increased, back to where it was in 1896, and for several years preceding that time, the Canadian lumber men could come into this market and sell at a profit without a tariff.

Mr. POU. Who is going to get the benefit of the removal of the duty?

Mr. LYNCH. If the present prices prevail?

Mr. POU. Yes.

Mr. LYNCH. I do not think that there would be any benefits.

Mr. POU. Nobody would get any benefit?

Mr. LYNCH. I know that we could not export a stick of lumber to the United States unless possibly some high-grade finished lumber under present prices, and make money.

Mr. GRIGGS. Do you think the repeal of the duty would ultimately reduce the price?

Mr. LYNCH. I think eventually, but not now.

Mr. POW. Under present conditions, you think there would be no material change?

Mr. LYNCH. No, sir.

Mr. CRUMPACKER. Lumber is rather abnormally low now, is it not?

Mr. LYNCH. I think it is a trifle low now, but I think probably some of the gentlemen who will follow me can tell you a great deal more about that than I could.

Mr. CRUMPACKER. You think that putting lumber on the free list would prevent its ordinary increase in price in the future, so that the consumer would be benefited by it?

Mr. LYNCH. I think so.

STATEMENT OF MR. M. J. SCANLON, OF MINNEAPOLIS, MINN.

Mr. Scanlon read a statement, as follows:

Mr. Chairman and gentlemen of the Ways and Means Committee, I wish to apologize for appearing here and taking up your valuable time on the question of a revision of the tariff on timber products, and more particularly on the lumber tariff. I appreciate that most of the gentlemen that appear before you on tariff matters do so for the purpose of presenting arguments why the tariff should not be removed or disturbed, and wish to state that my reason for coming here to advocate removal of the tariff on lumber is not a selfish one.

My associates and myself are heavily interested in Canadian stumpage, but we are also large owners of timber in Oregon, Florida, and Louisiana, and are interested in the manufacture of lumber on a large scale at Scanlon, Minn., and longleaf yellow-pine lumber at Kentwood, La., but for every hundred dollars invested in Canadian timber we have more than a thousand invested in timber and mills on this side of the line. If I had any reason to believe that our business would be seriously affected by a removal of the tariff on lumber, I would not be here advocating it. I am of the opinion that the tariff on lumber should be removed, because it is not a protection to American manufacturers of lumber or American labor, except so far as they are owners of stumpage. A large part of the timber of this country is in the hands of individuals and corporations and is held as an investment, and also not purchased with a view to manufacturing it. Such investments have always proven very profitable and will continue to do so, regardless of whether there is a duty on lumber coming into this country or not. I do not consider it equitable and just to afford protection to that form of investments at the expense of the public at large.

In 1894, 1895, 1896, and 1897 it was possible to purchase timber in Minnesota at from \$1 to \$2 per thousand for white and Norway pine. The tamarack, jack pine, and spruce, if there was any on the land, was included in the sale without cost to the purchaser. To-day the minimum price on timber in Minnesota is not less than \$6 per thousand and the maximum \$12 per thousand, depending on the quality and accessibility of it for logging purposes, and there is little to be had at these prices. The jack pine, spruce, and tamarack above mentioned, which were not formerly included in the purchase price, are now paid for at the same rate as the other timber on the land. The same conditions prevail to-day in the pine districts of

Michigan and Wisconsin, except that prices of stumpage are higher for especially good bunches of timber.

For a number of years our concern produced from 200,000,000 to 250,000,000 feet of lumber annually in the State of Minnesota. This year our production will be only about 40 per cent of our former cut, and will cease entirely in 1909. In 1896 we commenced the manufacture of lumber in Minneapolis, Minn., and we cut from 40,000,000 to 60,000,000 feet annually at that point. We were forced to discontinue our business in 1905 in that city, because it was impossible to secure logs to stock the mill. The first year we were in business at that point we sold our lumber mill run at \$10.25 per thousand, while six years later, or in 1902, our stock sold, mill run, for \$17.52. This stock was manufactured from a poorer class of logs than we manufactured in 1896. I am credibly informed that mill-run stocks of lumber from a still poorer class of logs netted the manufacturer in that city about \$22 per thousand in the years 1906-7. In 1901 Minneapolis was the largest lumber-producing city in the world, her output for that year being about 700,000,000 feet, while the output for 1908 will only be about 300,000,000 feet.

I mention these facts merely to show you the rapid increase in the value of timber and lumber and the rapid decline of the lumber industry in what is known as "the three white-pine States of the North." The increase in the value of stumpage in the Western and Southern States has been even more marked. In 1908 my people purchased a block of timber in Oregon at a cost of about 17½ cents per thousand. To-day a conservative estimate of the value of that timber would be \$1.75 per thousand. For years billions of feet of timber of equally as good quality and as favorably located for logging purposes in that same district could have been acquired at the same price as we paid for ours. I did not regard that purchase as a particularly attractive one at the time, as we could have taken the same money and done equally as well or better in many other parts of Oregon, Washington, or California. In 1890 I was interested in the purchase of a large tract of cypress timber in Louisiana that cost us less than 40 cents per thousand. Unfortunately for me, I parted with my interests in that timber before it became very valuable, but I am informed by cypress manufacturers in that territory that cypress timber of that quality and accessibility would sell readily at \$6 per thousand or upward. In 1892 I looked at a tract of long-leaf yellow-pine timber in Louisiana that could be acquired at that time for about \$1.25 per acre. My people purchased that same identical tract of timber in 1905 at a cost of \$22 per acre. I understand that a tract of timber adjoining ours, of the same quality and quantity per acre, sold for \$47.50 per acre within six months of our purchase. I would hardly care to make an estimate of its value now, as all our southern-pine lumber manufacturers are endeavoring to see how close they can come to giving away our stumpage and lumber without getting into the hands of the sheriff.

My experience in the purchasing and ownership of standing timber is about the same as other owners—uniformly profitable except in cases where the owner was unwise enough to build a sawmill to manufacture it without a thorough knowledge of the business. This occasionally has led to disaster. The labor employed in and about the timber industry of this country has not had any protection under the

tariff, and it is foolish to contend that it has or will have protection. All you need to do to convince yourselves on this point is to compare the rate of wages paid in Canada, our only competitor, with the rate paid on this side of the line. We are operating one very large sawmill at a small town, in Scanlon, Minn., cutting about 100,000,000 feet per annum. This year we are paying common labor in and about the plant \$1.75 per day of ten hours, in the woods \$1.50 per day, and skilled labor in the same proportion. The same general rate of wages prevails throughout the lumber district of Minnesota, Wisconsin, and Michigan, except in some of the larger towns and cities the rate is as low as \$1.60 per day. In these three States I contend we have the best and most efficient sawmill and woods labor in the world. We are operating two sawmills in the long leaf yellow pine district of Louisiana. At these mills we are paying common labor in the mills and woods \$1.25 per day, and the higher grade workmen in the same proportion. This labor is not so good as that employed at our northern plant, due to the fact that the lumber industry has not been so long established, and on account of the social and climatic conditions.

In the Province of Ontario, Canada, about the same scale of wages prevails as are paid in Michigan, Wisconsin, and Minnesota. In the Provinces of Saskatchewan, Alberta, and in the mountain district of British Columbia, common labor is paid at the rate of \$2.25 per day of ten hours in the sawmills; and \$2.50 per day in the woods, while in the so-called coast district of the Province of British Columbia common labor receives \$2.50 per day in the sawmill and \$3 per day in the woods, and skilled labor is being paid in the same proportion. There is some oriental labor used in the British Columbia mills, ranging in price from \$1.25 to \$1.75 per day, depending on the class of work they perform. Considering the efficiency of this oriental labor, they are more expensive than white, and they would not be employed at all if white labor could be obtained. In fact, the laws of British Columbia prohibit the use of oriental labor in cutting and removing the timber from provincial lands. Wages are so high in Canada that I do not think we have anything to fear on that score.

Canada is a new country that is rapidly developing. The demand for labor in that country for years to come will be greater than the supply, and the difference in wages paid the Canadian and American workmen in the timber industry is likely to be much more to the advantage of men employed in Canadian mills.

I have spent much time and money examining timber lands in the Western and Southern States and in the Provinces of Saskatchewan, Alberta, and British Columbia, and so far as my own observations go and the reports of our men are that the American manufacturer of lumber has little to fear from the Canadian territory, as the cost of Canadian logs delivered at the mills will always be as great or greater than the cost of logs at the mills of the American operator.

I believe that the removal of the tariff on lumber would conserve the forests of our country. I think it would have a tendency to check the abnormal advances that have occurred of late years, both in timber and lumber. I believe it will broaden the markets for the consumers of lumber and eventually lead to a more uniform, healthy condition of the lumber trade in general in this country.

Respectfully submitted.

M. J. SCANLON, *Minneapolis, Minn.*

Mr. SCANLON. In 1892 I examined a tract of leaf pine in Louisiana that could be purchased for \$1.25 per acre. That might have been purchased in 1865 at 22 cents per acre, but I think that some has been recently sold at \$47.50 per acre.

It would be somewhat hard to-day to make a statement of the stumpage in the South. Most of the manufacturers are trying to saw lumber so cheaply that it is hard for them to keep out of the hands of the sheriff.

Mr. RANDELL. Where did you say that land was?

Mr. SCANLON. In Louisiana.

Mr. BOUTELL. Would it lower the price to the consumer to reduce or change the tariff?

Mr. SCANLON. I do not think so. It will lower the price in this way, that it will maintain a better average price.

The CHAIRMAN. I notice that you said in the preface to your remarks that you apologized for appearing here when so many were appearing on the other side favoring no change, but that you apologized for asking a change in the tariff.

Mr. SCANLON. Yes, sir.

The CHAIRMAN. I do not wonder that you made that statement if you have read the Minneapolis papers. For instance, I find an editorial in the Minneapolis Tribune which says, "It is hard to get a just tariff revision out of a prejudiced court that hears evidence on one side only." Now, I want to say that the only persons who have been invited to come before the committee, excepting the people in the departments, have been the people of the very class that the editor of the Minneapolis Tribune speaks about. He has a personal letter from the committee asking certain people to appear before the committee and furnish it with any facts bearing upon any schedule if they can show how that schedule should be reduced, and they have also been asked to publish that in their newspapers, so that if they or their subscribers or readers care to they can come before the committee. That general invitation has been sent out and they are the only class who have been invited to appear. The others come voluntarily. The committee invites all gentlemen who believe as you do to bring their facts and state them to the committee. What we want are the facts in regard to these schedules and others that may be proposed to help us in our deliberations. We want the bill to be justified by the facts as to each schedule, and therefore we invite all persons to give us information, and you are as welcome as anybody who is here in defense of this schedule whether you ask an increase or a decrease.

Mr. SCANLON. I understand that very well or I would not have been here.

Mr. CLARK (to the chairman). I want to ask you a question. In making your statement do you refer to the minority?

The CHAIRMAN. I can not speak for the minority.

Mr. CLARK. Well, I can. The minority are as fully anxious to have facts, and are perhaps a little more anxious than are the majority.

Mr. FORDNEY. On account of the high rate of wages and the low prices of lumber which you have quoted, is it not reasonable that Canadian manufacturers are seeking a wider field for their product?

Mr. SCANLON. I presume that is true.

Mr. FORDNEY. That is one reason why they want the tariff removed.

Mr. SCANLON. I presume so.

Mr. FORDNEY. You are the owner of Canadian timber, are you not?

Mr. SCANLON. Yes, sir.

Mr. FORDNEY. And you are also the owner of timber in the Bahama Islands?

Mr. SCANLON. Yes, sir.

Mr. BOUTELL. Have you ever brought any lumber from those islands?

Mr. SCANLON. No, sir; I never have and I never expect to.

Mr. BOUTELL. Where does that lumber go?

Mr. SCANLON. Its natural market is South America and it is sent to the near-by islands.

Mr. POE. I did not know that there was much timber in the Bahama Islands.

Mr. SCANLON. There is not much.

Mr. FORDNEY. Do you know of any lumber trust?

Mr. SCANLON. To my certain knowledge there never has been one. Sometimes I think that the manufacturers need one.

Mr. FORDNEY. Then this is entirely a bugaboo?

Mr. SCANLON. Entirely without foundation.

Mr. CLARK. How do they manage to keep the prices up so successfully?

Mr. SCANLON. I suppose it is just as it is in any other line of merchandising. The cost to the retailer is usually pretty uniform as coming from the manufacturer, providing he has to buy his supplies in one market.

Mr. CLARK. It surely does not cost precisely the same figures to produce lumber in one section of the country that it does in another section, even in the same neighborhood. It does not cost exactly the same to produce lumber in Washington, Idaho, Michigan, Minnesota, or Wisconsin, but how is it that they all line up and charge the same prices?

Mr. SCANLON. I think you are wrong in that. Just before leaving home I sold white pine at 15 cents. I know that when that gets into the hands of retailers it will not be at the same price.

Mr. CLARK. There must be a difference in the cost price in the different localities in Michigan or Minnesota or Wisconsin, to say nothing about the other States, but at last when they get the lumber off on the retailer it is the same price.

Mr. SCANLON. No; I do not think you are quite right there. You are right in this respect, that there is a great variation in the cost in the same localities, because it may cost \$10 a thousand to log it and deliver it to the mills. In another locality it may not cost more than \$5 a thousand. Lumber is like anything else, the man who produces it the cheapest is the fellow who gets the benefit.

Mr. CLARK. Say that A produces it \$10 cheaper than B, does not A sell the lumber at practically the same price?

Mr. SCANLON. Usually the lumber man knows what his competitor is doing and knows about what the other man's cost of production is, and he acts accordingly.

Mr. CLARK. If one man's cost enables him to barely get a living, then the other man whose cost is cheaper is making enormous and unfair profit. is he not?

Mr. SCANLON. No, sir; because the man who sold the manufacturer the stumpage added it to the price, so that the manufacturer may not be able to sell as cheaply as a man who paid the higher cost of logging.

Mr. CLARK. Do you believe that under any circumstances whatever the price of lumber in years to come is going to materially decrease?

Mr. SCANLON. No, sir; I do not.

Mr. CLARK. Tariff or no tariff?

Mr. SCANLON. Tariff or no tariff.

Mr. CLARK. Mr. Fordney asked you if you did not own large quantities of lumber in Canada and the Bahama Islands.

Mr. SCANLON. Yes, sir.

Mr. CLARK. You own large interests in the United States, do you not?

Mr. SCANLON. Yes, sir; much larger than I do outside in other countries.

Mr. FORDNEY. In answer to the gentleman's inquiry about the uniform price of lumber, is it not true that in various localities, owing to the quality of the soil, one farm will raise 30 bushels to the acre while another farm will raise only half that quantity, but it all sells at the same price?

Mr. SCANLON. Yes, sir.

Mr. FORDNEY. One man raises more owing to better methods of cultivation?

Mr. SCANLON. Yes, sir.

Mr. CRUMPACKER. Prices are fixed by cost of production under the most disadvantageous conditions, where that production is necessary to supply the demand. Is not that a universal rule of economics in fixing prices?

Mr. SCANLON. I do not think so with reference to the lumber business, because I do not think the cost of production is usually taken into account.

Mr. CRUMPACKER. Then you think the economic law of supply and demand does not operate in the lumber business. Where the economic law is in full play prices are fixed by the cost of production under the most disadvantageous conditions where the production is necessary to supply the demand?

Mr. SCANLON. No, sir; I do not think so.

Mr. CRUMPACKER. I think I am necessarily right as to operation of the law of supply and demand in any line of business.

Mr. SCANLON. It may operate in all lines of business except in the selling of lumber, because the cost of production which enters into it is not taken into consideration in the marketing of the product.

Mr. CRUMPACKER. If it is taken into consideration of course there would be more timber lands exploited. The rule is an invariable one that prices are affected by the cost of production in areas that necessarily supply demand where cost of production is highest. That fixes the prices where the law of supply and demand operates, necessarily so.

Mr. SCANLON. I do not agree with you.

Mr. CRUMPACKER. That is a matter of opinion.

Mr. SCANLON. Perhaps so.

Mr. RANDELL. You said something about timber in Louisiana and Texas being owned by a few parties.

Mr. SCANLON. I was speaking in a general way, not particularly about lumber.

Mr. RANDELL. You were speaking of it being owned in Louisiana.

Mr. SCANLON. Yes, sir.

Mr. RANDELL. Any in Texas?

Mr. SCANLON. No, sir.

Mr. RANDELL. Are you acquainted with timber in the eastern and southern part of Texas?

Mr. SCANLON. Yes, sir.

Mr. RANDELL. How would you say that the number of individuals, corporations, or firms engaged in the lumber business in Texas would be as compared to the number seven years ago?

Mr. SCANLON. The number engaged in it and the amount produced is larger than it was seven or eight years ago. At that time lumber was being manufactured by small mills. Those are going out of the business.

Mr. RANDELL. Have they been sold out, run out by competition, or have they been bought by the larger concerns?

Mr. SCANLON. They have been bought up by the larger concerns. They were wasteful in the methods of logging and in the methods of manufacturing.

Mr. RANDELL. Are the lumber interests owned now by a few people?

Mr. SCANLON. No, sir; the lumber business of Louisiana is owned by operating corporations. There is quite a large number of them.

Mr. RANDELL. Formerly the smaller mills owned all the timber, practically?

Mr. SCANLON. Yes, sir; the smaller mills sold because they got more money by selling than they could get by manufacturing, owing to the wasteful methods.

Mr. RANDELL. After that the price of land rose materially?

Mr. SCANLON. Southern pine timber began to advance in the early nineties. It advanced in 1891, 1892, 1893, 1894, 1895, 1896, and up to 1897.

Mr. RANDELL. In 1892 a great many of those smaller mills were bought, and from that time the rise began?

Mr. SCANLON. Yes, sir.

Mr. RANDELL. In southeastern Texas what were the prices nine years ago as compared with the prices now?

Mr. SCANLON. I presume there has been at least 300 per cent increase. Lands that were worth \$7.50 ten years ago are to-day worth \$30.

Mr. RANDELL. It is about 300 per cent increase. I think that is a fair average.

Mr. SCANLON. Yes, sir.

Mr. RANDELL. What would be the effect on the price of lumber in the southeastern and the southwestern parts of the Mississippi Valley if the tariff were taken off?

Mr. SCANLON. I do not believe it would have any effect upon prices down there, because no wood would come in from Mexico to compete in that section.

Mr. RANDELL. Would the effect be to prevent the rise to the extent of the tariff?

Mr. SCANLON. I do not think so. There would not be the abnormal advance there has been heretofore.

Mr. RANDELL. Would not that be the tendency? In other words, if we added \$2 duty there would be less competition?

Mr. SCANLON. Yes, sir.

Mr. RANDELL. Do we get any lumber from Mexico?

Mr. SCANLON. We export lumber to Mexico.

Mr. RANDELL. There is a great amount of timber in Mexico accessible to Texas and the plains of the Southwest?

Mr. SCANLON. It is a rough country, and the labor is exceedingly poor and very cheap.

Mr. RANDELL. Labor is cheap and timber is often cheap and the country is being opened up by railroads?

Mr. SCANLON. Yes, sir.

Mr. RANDELL. That would open up a supply for the Southwest?

Mr. SCANLON. Yes, sir.

Mr. FORDNEY. One gentleman stated a few moments ago that the price of lumber was \$10 a thousand above what it was ten years ago.

Mr. SCANLON. Yes; but I think that gentleman was wrong in his statement. I think that what he intended to say was that lumber at the time of the government report in 1907 was \$10 higher.

Mr. FORDNEY. If that statement is true, there is no reason why Canadian lumber could not come into this country?

Mr. SCANLON. No, sir.

Mr. CLARK. While Mr. Fordney was questioning the witness he asked if it was not true that 60 per cent of that lumber was used in the box business or the packing business, and the witness seemed to agree with him.

Mr. SCANLON. That is not true.

Mr. FORDNEY. I said imported lumber.

Mr. CLARK. I did not understand that.

The CHAIRMAN. Part of the lumber coming here is manufactured into boxes, and they get a drawback on that.

Mr. CLARK. What proportion of the consumption of lumber would this box business take as compared to the general consumption of lumber? It would be a very small percentage, would it not?

Mr. SCANLON. In the United States I think it is estimated that about 25 per cent of all of the lumber goes into the manufacture of boxes.

Mr. FORDNEY. Of all made in this country?

Mr. SCANLON. Yes, sir.

Mr. FORDNEY. How about the imported lumber; do you know?

Mr. SCANLON. I do not think any lumber imported from British Columbia would go into the manufacture of boxes, but there is some that comes from Ontario that does so. It is used in the manufacture of boxes in this country, but I would not say what percentage of it.

Mr. FORDNEY. Most of the lumber comes into the Pacific coast?

Mr. SCANLON. Yes, sir.

Mr. BOUTELL. I understand, then, from your statement that you think the repeal of the duty would give to the price of lumber a greater stability, but would not result in reduction of the price.

Mr. SCANLON. That is my theory.

Mr. BOUTELL. If we should repeal the duty on lumber, to go into effect on the 1st of July next, a man in my district could not build a six-room cottage any cheaper after that time than he could now, so far as the tariff is concerned.

Mr. SCANLON. No, sir; so far as the tariff is concerned.

Mr. RANDELL. But if it had the effect to bring down the price of lumber might not the man build his house cheaper hereafter?

Mr. SCANLON. Yes, sir.

The CHAIRMAN. If the duty remains, what do you say to whether or not the price will go up?

Mr. SCANLON. We will have abnormal advances in the price of timber and lumber. It is not a healthy condition. It is not a question of ruining the business, but it might ruin the business of the retailer. I remember that in October, 1905, lumber went down \$5 a thousand in five weeks. It left the retailer with a large stock on hand greatly below the prices of 1906. I do not think, however, that that condition will prevail if the tariff be removed.

The CHAIRMAN. Was not that decline of last year due to the panic?

Mr. SCANLON. If prices had not been so high there would not have been any cause for such a drop in the manufactured article.

The CHAIRMAN. Without going into that theory, is it not true that the drop in prices was due to the lessening of the demand in consequence of the stagnation of business?

Mr. SCANLON. Yes, sir.

The CHAIRMAN. There has been a good deal of testimony and argument on that, and I do not think we ought to go into it. You have stated that you have interests on this side and on the other side of the border?

Mr. SCANLON. Yes, sir.

Mr. UNDERWOOD. The yellow pine interests in the South are almost entirely owned and controlled by northern men and northern capital, are they not?

Mr. SCANLON. I do not know about that. I know that northern men and northern capital are heavily interested in southern pine timbers, both in stumpage and in manufacturing.

Mr. UNDERWOOD. Yellow pine timber for outside work in the construction of buildings, that part that comes in contact with the weather, has no competitor, has it? Is it not more valuable for that purpose than any other timber?

Mr. SCANLON. There is a certain species of yellow pine, known as "all-heart pine," which has no competitor.

Mr. UNDERWOOD. Old-field timber is poor and would not stand the weather as all-heart yellow pine would, and, since it has no competitor, would it affect the southern mills if we had free trade?

Mr. SCANLON. I would not say "Yes" on that point because I think to a certain extent it will be.

Mr. UNDERWOOD. Who will compete with them?

Mr. SCANLON. You asked as to the competitor of all-heart timber. Fir might come in as a competitor for that purpose.

Mr. UNDERWOOD. Is that domestic pine?

Mr. SCANLON. That is domestic pine.

Mr. UNDERWOOD. It is cheap in this country, and it would be with free trade?

Mr. SCANLON. Oh, yes.

Mr. UNDERWOOD. So that a reduction of the duty, or free trade, would really not affect the southern lumber interests one way or the other?

Mr. SCANLON. I do not think so.

Mr. UNDERWOOD. The cost of transportation of lumber from Mexico into this country is so great that it would not come into competition with the southern territory, especially not with the southern mills, would it?

Mr. SCANLON. I do not think the cost of transportation will be a factor from Mexico, because the railroads can not compete.

Mr. UNDERWOOD. So that, as a practical proposition, so far as the southern mills are concerned, the only thing in which they are involved is the question of revenue?

Mr. SCANLON. Yes, sir.

Mr. UNDERWOOD. At what point do you think the duty should be fixed in order to produce the greatest revenue to the Government?

Mr. SCANLON. My idea would be to repeal the tariff and put an export duty on every foot of lumber produced in this country.

Mr. BOUTELL. You think you would make more revenue by reducing the tariff than by raising it?

Mr. SCANLON. I think you will, as a revenue producer, lose by reducing it.

Mr. UNDERWOOD. Any reduction will reduce the revenue.

Mr. SCANLON. That is my idea.

Mr. UNDERWOOD. You do not think there will be any more importations than there are now?

Mr. SCANLON. No, sir.

(Thereupon, at 1 p. m., the committee took a recess until 2 o'clock p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS, *November 20, 1908.*

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

STATEMENT OF MR. M. J. SCANLON (continued).

Mr. CLARK. I want to ask you one question. Suppose Congress should adjourn after the consideration of this tariff bill—that is, after the revision is made, whatever it is—and leave the tariff on lumber as it is now; do you not think it would not accidentally happen, or some other way, that the price of lumber would be immediately marked up \$2 or \$3 a thousand?

Mr. SCANLON. I think it would have a tendency to advance the price, but it would be due entirely to sentiment.

Mr. CLARK. Due entirely to what?

Mr. SCANLON. Sentiment. That is, it would have a sentimental effect on the market.

Mr. CLARK. No; the real reason would be that these men who own the lumber would know that there was no reasonable prospect of there being a change in the tariff then for a long time to come, and that they could play it just as they pleased. Would not that be the element in it?

Mr. SCANLON. I do not think so, Mr. Clark.

Mr. CLARK. That is what I wanted to ask you.

Mr. HILL. Mr. Scanlon, how long have you been in the lumber business?

Mr. SCANLON. I have been in the lumber business all my life.

Mr. HILL. Were you ever in the lumber business in Michigan?

Mr. SCANLON. No, sir.

Mr. HILL. Or in Wisconsin?

Mr. SCANLON. In Wisconsin and Minnesota.

Mr. HILL. In Wisconsin and Minnesota. How low do you remember uppers having been sold, in your particular experience?

Mr. SCANLON. What do you mean by the term "uppers?"

Mr. HILL. What were technically known as fourths and selects.

Mr. SCANLON. We do not have them that way in our market.

Mr. HILL. I know you do not, but you did when you were in Wisconsin, did you not?

Mr. SCANLON. I never was engaged in the manufacture of lumber in Wisconsin.

Mr. HILL. I beg your pardon; I thought you were. You were manufacturing in Minnesota?

Mr. SCANLON. Yes, sir; I was manufacturing in Minnesota.

Mr. HILL. What part of the production of your logs, what percentage of it, turns out fine upper grades of lumber?

Mr. SCANLON. A very small percentage.

Mr. HILL. Is it more than than 3 per cent?

Mr. SCANLON. Rather more than that; yes, sir. I would place it somewhere in the neighborhood of 5 per cent. I have those figures here, exactly.

Mr. HILL. Is it not a fact that the Canadian product of lumber, the shipment that comes to the United States, is largely the log run? Are not the Canadian shipments now into the United States largely the log run, everything above the mill cull?

Mr. SCANLON. No, sir; I think you are mistaken in that. It is what is termed "low-grade lumber" from the eastern district. In the western district it is largely the opposite, a high-grade lumber, and the culls find a market at home.

Mr. HILL. Do you ship any southern lumber into Canada, Georgia pine and North Carolina pine?

Mr. SCANLON. No, sir; we are manufacturing in the long-leaf district of Louisiana, and are selling considerable lumber in eastern Canada—Montreal and Ottawa.

Mr. HILL. What is the average price now of yellow-pine flooring; narrow, first-class, clear flooring?

Mr. SCANLON. We only have one market for that class of lumber, and that is in the New England States, and it is usually sold in that territory in a wholesale way at \$50 a thousand.

Mr. HILL. How long have you been manufacturing in Louisiana?

Mr. SCANLON. There is so little of that grade of lumber sold that the price has practically remained stationary.

Mr. HILL. All right.

Mr. FORDNEY. Do you sell in the Canadian market the same grades of lumber cheaper than you do in the markets in the United States?

Mr. SCANLON. No, sir.

Mr. FORDNEY. You are not the witness that Mr. Knappen was going to produce to prove that American lumber was being sold cheaper in Canada than in the United States?

Mr. SCANLON. No, sir.

Mr. CLARK. I will ask you another question about these Canada leases. I want to ask what they put this square-mile charge on for? Is it not true that they prohibit all cutting of trees less than 10 inches in diameter?

Mr. SCANLON. I am positive that the reason why British Columbia markets its lumber in that way is to conserve the forests of the country in that way, by directing the timber that shall be cut and removed from those lands.

Mr. CLARK. They have a rule that you shall not cut a tree less than 10 inches in diameter?

Mr. SCANLON. Yes.

Mr. CLARK. And they employ their own forester, or whatever they call him, to see that that provision is enforced?

Mr. SCANLON. Yes, sir.

Mr. CLARK. That being the case, it really gives the man who buys the American timber lands the advantage over the man that operates these leased lands in Canada, to the extent that the American can cut the whole thing off and have his land left?

Mr. SCANLON. That is, where he is operating on his own lands; except that he can not do it on forest-reserve lands in this country.

Mr. FORDNEY. The lands on which such timber is sold in Canada are subject to homestead entry at any time, are they not? So far as Ontario is concerned, I know that is so.

Mr. SCANLON. I do not think that is true of British Columbia.

Mr. FORDNEY. It is true in Ontario.

Mr. SCANLON. I think the disposition of the British Government in this country is to treat the owner of the timber license fairly, and I think if there was a market or demand for that land for agricultural purposes, a man would be given a reasonable time within which to cut and remove the timber.

Mr. FORDNEY. In Ontario land is subject to homestead entry, and the farmer, the homesteader, is permitted to cut and clear the timber from the land he wishes to put under a state of cultivation.

Mr. SCANLON. Yes, sir.

Mr. FORDNEY. I did not know what it was in British Columbia territory. That is all, so far as I am concerned.

STATEMENT OF MR. A. E. GILBERT, OF DULUTH, MINN.

Mr. GILBERT. Mr. Chairman and gentlemen of the committee, I represent the Red Cliff Lumber Company, of Duluth, Minn., and Red Cliff, Wis. We own timber in Minnesota and Wisconsin, and also on the Pacific coast in British Columbia. I may say that our timber land in British Columbia is not licensed; it is owned in fee. We own and operate sawmills at Duluth, Minn., and at Red Cliff, Wis., where we are government contractors, cutting the Red Cliff Indian Reservation. Besides, we buy and sell lumber at Duluth, doing a jobbing business also.

I am in favor of the free and unrestricted interchange of forest products with the Dominion of Canada. I have seen the price of

pine timber increase from 50 cents a thousand to \$12 a thousand in Minnesota in twenty years. Some years ago we got to a point where we could not buy any logs, or enough to run our mills. The last two years we have not been able to buy any timber, and in another year we will only be able to buy timber from two or three concerns, if at all, to keep our jobbing business going, and we will have to go out of business. I have seen mills on Lake Huron, in Michigan, have to shut down and go out of business on account of the embargo placed on logs by Canada, due to our tariff. These mills were not helped by the tariff; quite the contrary. Not being able to carry large reserves of timber, on account of their lack of capital, and not being able to get any raw material from Canada, due to the embargo on logs, the retaliation of Canada on account of our tariff, these mills had to close down, dismantle, and go out of business; and this same thing will happen on the Pacific coast, where syndicates and large companies have bought up large areas of timber land, and the mill men there who are not able to buy and carry large timber reserves and buy their logs and hope to for years to come, will be disappointed and find that they will have to go out of business just as many of the mills in eastern Michigan had to do, unless our duty on lumber is taken off in a way which will bring along with it the taking off of the embargo on logs, so that these smaller mills can get their raw material from Canada at reasonable prices.

Mr. FORDNEY. Mr. Gilbert, you say you are manufacturing in Minnesota and will have to go out of business in a short time for the lack of timber?

Mr. GILBERT. I said our jobbing business would.

Mr. FORDNEY. How about your manufacturing?

Mr. GILBERT. We have timber. We have twice as much capital invested in this country as we have on the coast.

Mr. FORDNEY. How long will your standing timber last you, with your capacity?

Mr. GILBERT. All of ten years.

Mr. FORDNEY. When you go out of business you would like to go into business where your timber is in Canada, would you not?

Mr. GILBERT. Yes; or in this country where we can bring our logs into this country.

Mr. FORDNEY. Do you believe if we remove the duty on lumber Canada will remove her embargo on logs?

Mr. GILBERT. I hope she will. She did not have an embargo before we had a duty.

Mr. FORDNEY. Oh, yes; she did.

Mr. GILBERT. Did she?

Mr. FORDNEY. Yes; we have always had a duty on Canadian lumber.

Mr. GILBERT. But there was no embargo on logs. They did not stop the logs going out. The logs were taken to Saginaw and Bay City.

Mr. FORDNEY. When the duty was placed on the lumber by the Dingley bill, then is when the embargo was put on logs.

Mr. GILBERT. Yes; that is what I mean.

Mr. FORDNEY. Because Canada wanted Canadian labor and Canadian manufacturers to have the benefit of the manufacturing in Canada; is not that true?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. Canada putting an embargo upon logs would depend altogether upon the construction of the tariff. It could be arranged so that it would be an altogether too expensive experiment for her by putting a higher tariff on.

Mr. GILBERT. Yes, sir.

The CHAIRMAN. Or by putting a maximum tariff on logs?

Mr. GILBERT. Yes.

Mr. GAINES. I believe that the Canadian government sells its stumpage to the highest bidder; is that correct?

Mr. GILBERT. The vast majority of it; yes, sir.

Mr. GAINES. Is the timber land that you have reference to in Canada mainly owned by the government?

Mr. GILBERT. Yes, sir.

Mr. GAINES. If Canadian manufactured lumber was admitted free of duty in this country it would increase the demand for the Canadian stumpage, would it not?

Mr. GILBERT. I think it would; yes, sir.

Mr. GAINES. Therefore when the purchasers went to bid for Canadian timber they would pay higher prices, would they not?

Mr. GILBERT. Necessarily some; yes, sir.

Mr. GAINES. So that all of the benefit would not go to the consumer in America, but a large portion of it would go to the Canadian government for the land?

Mr. GILBERT. No, sir.

Mr. GAINES. What is your answer to that?

Mr. GILBERT. No, sir; I do not agree with you. I think the mill man in America would still have the chance to buy some raw material, which he has not had in this country, and in years he will not have if that embargo still stays on.

Mr. GAINES. But you have already stated that the removal of the duty would increase the competition by Canadian timber; it would put up the price of Canadian timber, would it not?

Mr. GILBERT. To some degree; how much I could not say.

Mr. GAINES. And to the extent that the removal of our duty increased the price of the Canadian government's stumpage, the Canadian government's stumpage would get the benefit of the duty and not the ultimate consumer, if I may borrow that term?

Mr. GILBERT. I think the price of Canadian stumpage is fixed by statute. It is a certain amount in each province, and they may charge a ground rent.

Mr. GAINES. You said it was submitted to competition and sold to the highest bidder. Now, was that correct, or is it fixed by statute, a fixed amount?

Mr. GILBERT. I think it is both.

Mr. DALZELL. The minimum is fixed by statute.

Mr. GILBERT. Yes, sir. I think it has been on a tariff where they have paid bonuses, and those bonuses largely accrued to speculators.

Mr. FORDNEY. There is no minimum fixed on Canadian timber that is sold at public auction, except the Crown land dues?

Mr. GILBERT. No; the crown land dues are a rent, as I understand it.

Mr. FORDNEY. There is no minimum fixed on stumpage except the crown land dues?

Mr. GILBERT. No; it is fixed when you cut your timber.

Mr. FORDNEY. That is the crown land dues?

Mr. GILBERT. Then there is a rent on top of that.

Mr. FORDNEY. I am talking now about the stumpage.

Mr. GILBERT. Yes.

Mr. FORDNEY. When you buy timber in Ontario at public auction, you buy it subject to the payment of certain crown land dues, when the timber is cut?

Mr. GILBERT. Yes.

Mr. FORDNEY. A dollar or \$1.25, or whatever the case may be?

Mr. GILBERT. Yes.

Mr. FORDNEY. And there is no other minimum but that?

Mr. GILBERT. They have had to pay premiums to get that timber.

Mr. FORDNEY. Yes; but I am talking about a statutory fixed value.

Mr. GILBERT. No, sir; there is none.

Mr. FORDNEY. There is none?

Mr. GILBERT. No, sir; not that I know of.

Mr. BOUTELL. The other witnesses on this schedule testified that in their opinion the repeal of the lumber duty would not immediately affect the price of lumber to the retail dealer.

Mr. GILBERT. I do not think it will. I do not think it makes any difference.

Mr. BOUTELL. They further stated that it would give stability and steadiness to the price.

Mr. GILBERT. I agree with that.

Mr. BOUTELL. And that, in the third place, it would produce as much rise in the price of lumber in the future as would take place if the tariff had not been repealed?

Mr. GILBERT. I think so; yes, sir.

Mr. BOUTELL. What would you say, in the fourth place, as to the prospects of an increase in the future with the tariff repealed, though not as great as it would have been with the tariff?

Mr. GILBERT. I think it would be more a condition of that embargo on logs being taken off.

Mr. BOUTELL. So that there is not very much sunlight ahead for my ultimate consumer of lumber, even with the repeal of the tariff, in the steadiness of the price?

Mr. GILBERT. There is if we couple with that repeal of the tariff that small mills can get material elsewhere, raw material, the same as a gristmill does.

Mr. FORDNEY. Do you think there is any prospect of the Canadian government ever taking off that embargo?

Mr. GILBERT. That I could not say; but if the duty was taken off, it should be taken off with that condition.

Mr. CRUMPACKER. The standing timber in this country is owned largely by large lumber corporations now, is it not?

Mr. GILBERT. Yes, sir.

Mr. CRUMPACKER. And the Canadian government refuses to sell the fee, but sells the timber to the highest bidder for the purpose of preventing big corporations in Canada and America from going over and

buying and owning and monopolizing the standing timber? That is the policy, is it not?

Mr. GILBERT. No, sir; I do not think so; because you can buy any amount of it you wish, but you can not get the land.

Mr. CRUMPACKER. But you can not buy for speculation?

Mr. GILBERT. Yes; they do.

Mr. CRUMPACKER. You have to pay an annual rental?

Mr. GILBERT. Yes; but those leases are transferable. Those leases are bought and sold on the market every day.

Mr. CRUMPACKER. Yes; but a man can not buy Canada timber land? You can not get the fee title?

Mr. GILBERT. No; he pays an annual rental.

Mr. CRUMPACKER. He is charged up with an annual rental, anyway.

Mr. GILBERT. Yes.

Mr. CRUMPACKER. So that speculators can not invest profitably in Canadian timber, for the purpose of holding it for a future rise in value?

Mr. GILBERT. I do not agree with you. They do.

Mr. CRUMPACKER. They do?

Mr. GILBERT. Yes; it is being done every day, with great profit. All they do is to take chances that they can get rid of it before that lease time runs out.

Mr. CRUMPACKER. If the tariff was taken off, the small dealer would have an additional market. He would not have to go to these big lumber corporations in America who now have almost a monopoly of the standing timber, but he could go to Canada for his supply, could he not?

Mr. GILBERT. Yes; provided this embargo was taken off; or in other words, he could go to the small mill men who buy supplies in Canada.

The CHAIRMAN. Do you know of any monopoly in the United States?

Mr. GILBERT. No, sir; I do not think there is any such thing.

Mr. CRUMPACKER. Is it not true that in Ontario the government sells an option on the land and gives a license to cut to the following May of each year, and will extend that license from year to year upon the payment of the \$3 a square mile tax.

Mr. GILBERT. I am not so familiar with terms in Ontario.

Mr. CRUMPACKER. But there is nothing to prevent, in Canada, a concern or a corporation or a set of individuals from buying all the timber in Canada?

Mr. GILBERT. Yes; they can, as I said.

Mr. CRUMPACKER. And they can hold it for an indefinite time?

Mr. GILBERT. Yes, sir.

Mr. CRUMPACKER. Well, under the law of Ontario, by paying the annual tax a license is extended to the first of the following May, each year.

Mr. GILBERT. I am not familiar with the law of Ontario.

Mr. CRUMPACKER. That is the law of Ontario.

Mr. GILBERT. If you say so, of course I presume you are right.

The CHAIRMAN. Does any other gentleman want to be heard on this schedule in favor of the reduction or removal of the duty: if so, we will hear him now.

STATEMENT OF MR. J. B. WHITE, OF KANSAS CITY, MO.

Mr. WHITE. Mr. Chairman and members of the Ways and Means Committee, I am a manufacturer from Missouri and Louisiana. For twenty-five years I have been in Missouri; fifteen years previous to that I was a manufacturer in Pennsylvania. If I was a better lawyer I do not know but I should demur to the evidence already in, and let the case go to the jury, but I would be very glad if you gentlemen were a tariff commission that had the power to listen to the arguments that come in from time to time, and recommend, and had power to act; but I have faith that this committee will hear impartially and render a just recommendation.

I have listened to a great deal that has been said on this side, and I think it likely that I can offer some explanations to make the situation clearer in some respects. I have personally always been in favor of protection that protects both capital and labor, both American industries and American labor, and that protects the American industries because it protects American labor, and I would not favor any reciprocity or trading of tariff schedules between ourselves and any other nation unless this country received a fair deal in behalf of these farmers and these laborers. I believe it is fair to ask that in the consideration of a reduction of tariff we should also ask that we be placed upon equal conditions with the nation that we are to compete with. If that is done, I think there would be less objection to a reduction of the tariff as it now stands. I believe that those who favor free trade are honest in their views, and that those who believe in a tariff for revenue only have some way of figuring within their own minds a national gain as a whole, as a result of letting foreign competition in upon us.

The CHAIRMAN. What do you think of those who believe in all three, in spots?

Mr. WHITE. Well, then, I think they are to be excused because of local conditions. I know that in Missouri we had a United States Senator who was that way. He always voted for a tariff on lead.

Mr. CLARK. And he got in all sorts of hot water, too, did he not?

Mr. WHITE. Yes; but he died regretted.

Mr. CLARK. Yes; I know he did die regretted, but he did not die regretted on account of that part of it.

Mr. WHITE. Yes; but it showed that he had sympathy with his people.

Mr. CLARK. He had sympathy for about one-thousandth per cent of his constituents when he voted that way.

Mr. WHITE. That is, of course, from a view point.

Mr. CLARK. Yes; I know it is.

Mr. WHITE. Now, the American manufacturer pays more for what enters into his cost than does his Canadian competitor, as indicated by the following duties:

Band saws, 10 cents a pound and 20 per cent ad valorem; circular saws, 25 per cent; crosscut saws, 6 cents a foot; axes and other tools, 45 per cent; railroad rail, \$7 a ton; band iron for shingles and iron ties for hard-wood flooring, one-half cent per pound; leather belting, 35 per cent; sisal lath yarn, 45 per cent; hemp rope, 45 per cent; wire, 1½ cents per pound (when made into cable an additional duty of 1

cent); mules and horses, \$30 a head; mules and horses, valued over \$150, 25 per cent ad valorem; wheat flour, 25 per cent; wheat, 25 cents a bushel; potatoes, 25 cents a bushel; corn, 15 cents a bushel; barley, 30 cents a bushel; meats, all kinds, canned or preserved, 25 per cent; fresh beef, mutton, or pork, 2 cents a pound; locomotives and parts, 35 per cent; cars, 45 per cent; wheels for cars, 1½ cents a pound; wrought-iron pipe for dry kilns, 35 per cent.

Now, that is a big item which enters into the cost of a plant.

Mr. CRUMPACKER. Is it your theory that the American consumer pays the tariff—the tax?

Mr. WHITE. I do not know how much of it he pays, but I am satisfied that it would not be there if it was not intended that he should pay a part of it.

Mr. CRUMPACKER. Yes. Then the consumer of lumber, of course—

Mr. WHITE. You mean the consumer to pay the tax?

Mr. CRUMPACKER. Yes; the American consumer. I understand that is the argument you are making now?

Mr. WHITE. No; I thought you meant the manufacturer.

Mr. CRUMPACKER. The consumer pays the tariff, pays the tax; that is the argument you are making now, I understand.

Mr. WHITE. I mean that he has to pay a portion of this tax. I do not know how much of it; I do not know how much of it really applies. I do not suppose that wheat is exactly 25 cents a bushel higher because of that tariff. I do not suppose that perhaps locomotives are exactly 35 per cent higher because of that tariff. But I do know that it has an effect, and I do know that if we have to compete we will have to add this expense, a goodly portion of it, to the price of our lumber products. It enters into the cost, and of course we will have to add it to the price.

Mr. CRUMPACKER. So that for the same reason the tariff on lumber makes the lumber correspondingly higher to the consumer in the country?

Mr. WHITE. It would seem to make it correspondingly higher, or make the stumpage less; but my friends on the other side have been arguing that it does not make any difference; if we have free trade lumber is going to be kept up just the same. This is rather an anomalous situation.

Mr. CLARK. Leave those arguments out and let me ask you one question. That was not carried to the legitimate conclusion. You are arguing, evidently, or you would not have been citing these figures, that the tariff on these articles you name makes the expense of making lumber higher. Now, what I want to ask you is, if that is true, as you are intending to make the impression that it is true?

Mr. WHITE. Yes.

Mr. CLARK. Then, when you clap this \$2 tax on top of the lumber, the fellow that uses the lumber pays what you paid and then \$2 extra; that is right?

Mr. WHITE. Then I am in favor, if you take off the \$2 tax, of taking off the entire tariff on everything that enters into the lumber.

Mr. CLARK. Certainly; you are just where I am. There is not a particle of difference, if that is your position, between your position and mine.

Mr. WHITE. If it is a matter of free trade, then we stand together; we will either all go down together or go up together.

Mr. CLARK. Now, nobody is talking about free trade and nobody is contemplating free trade. The difference in theories is that on one side the main idea is protection and on the other side the main idea is revenue. I want to ask you one more question. I do not want to interrupt you at all. Do you not know that every time you put a tariff on an article, no difference whether the intention of the man that puts it on is to get revenue out of it or to get protection out of it, the result is double, unless it is prohibitive, and that you get revenue and that you get protection, whether you wanted to get it or not? Is not that true?

Mr. WHITE. Now, I am in favor of protection, personally.

Mr. CLARK. I am not asking you what you are in favor of or what I am in favor of. Is not that the net result of the whole performance? Say, for instance, I am a tariff-for-revenue man.

Mr. WHITE. Yes.

Mr. CLARK. I am willing to put a tariff of 25 per cent on something or other.

Mr. WHITE. Yes.

Mr. CLARK. You are a protectionist in theory, and you want to put a tariff of 25 per cent on there for protection?

Mr. WHITE. Yes.

Mr. CLARK. When you get your 25 per cent on and I get my 25 per cent on they have a double result, do they not?

Mr. WHITE. Yes.

Mr. CLARK. Unless it is prohibitive?

Mr. WHITE. Yes; unless it is prohibitive. We get the benefit of the tariff and we get the benefit of the revenue. For instance, take the lumber that comes in now from Canada. I think it amounted in duties last year to something like \$3,000,000. That is a protection of \$2, and we get \$3,000,000 in revenue in addition to that protection.

Mr. CLARK. Suppose we cut the tariff down to \$1. In your judgment would the Government get more total revenue out of the lumber business than it is getting now?

Mr. WHITE. Well, it might not get any more; it would depend altogether upon conditions—upon the local conditions of the local markets.

Mr. CLARK. There would not enough lumber come in to disturb you people in holding the market level, would there?

Mr. WHITE. We are not making any money now.

Mr. CLARK. How does it happen that there are so many multi-millionaires in the lumber business then?

Mr. WHITE. They did not make it manufacturing lumber.

Mr. CLARK. What did they make it at? I would like to find out.

Mr. WHITE. With all due respect, I would like to put you on. [Laughter.] I can cite my own experience. I began manufacturing lumber when I was 21 years old, and I have been manufacturing it ever since, and I have not made any millions. Those who have made money in the lumber business, I think, have made it on stumpage. The man who bought his lumber, who bought his stumpage, to manufacture to-day, did not make anything but a reasonable profit. If you expect to make some money in manufacturing lumber, you will have a good opportunity now, because you can buy your stumpage and anybody can start right in; but you will not make any great amount of money—you will not make any. Under present conditions you

would not make any. But if you buy more than you need for to-day, and you buy enough to last you for fifteen years, you will go along and make a little money off of your commissary and a little money off of your blacksmith shop, and you will live; and the last ten years your timber will advance, possibly, so that you will get out with a good big fortune. It is on the stumpage it has been made; it is on the natural rise.

Mr. HILL. Then the conclusion is that the entire protection is to the owner of the stumpage?

Mr. WHITE. It is to the stumpage and also to the manufacturer. If I am manufacturing lumber I have got to compete. I have got to sell my stumpage. I am buying my stumpage of you gentlemen, and then I have got to sell it to compete with Canada.

Mr. CLARK. Right in connection with that, do you know of any set of men in the United States who are less in need of protection than these people that are dealing in stumpage?

Mr. WHITE. Well, I think that if they go to manufacturing lumber at the present prices of stumpage, they need protection, considering the market.

Mr. CLARK. The very moment they go to manufacturing they get into another business?

Mr. WHITE. Yes; that is right.

Mr. CLARK. Now, Brother Hill's question was, whether really the beneficiaries of this tariff of \$2 were not the stumpage men. You said yes, largely.

Mr. WHITE. Yes.

Mr. CLARK. I ask you the question if they do not need protection less than nearly anybody else in America.

Mr. WHITE. I have to pay pretty high for stumpage. I will admit that I would like to get it lower.

Mr. CLARK. Why, certainly you would.

Mr. WHITE. I would. If there was some way of getting it lower, and then I could sell my product a little higher, I would be very glad to do it.

Mr. CLARK. But if you could get it lower you would be perfectly willing to sell your product a little lower?

Mr. WHITE. I would want everything else lower. I would want the entire cost of production lower.

Mr. CLARK. You are like everybody else; you want everything you can get.

Mr. WHITE. Certainly; and then I would want equal conditions with my competitors.

Mr. CLARK. Let us suppose a case. I do not think it is going to happen at all, but suppose that the committee and Congress—we simply advise Congress—should cut down the tariff one-half on every one of these articles you use in the manufacture of lumber, could you not afford to put down the price of lumber a little?

Mr. WHITE. I could not, a bit. I do not think so, because I will tell you that last year, in 1907, which was the most prosperous year we have had, yellow-pine lumber averaged \$14.02 a thousand. Last May I had a fire at one of the mills I am interested in in Louisiana, and it burned up 6,000,000 feet of lumber, a large amount of it upper grades that was in the shed, and burned up some of my lower grades, and we sent for the insurance adjusters. The insurance adjusters,

three of them, came down there and they said, " Mr. White, we want to settle with you. What is the cost of this lumber? Now, what is the cost? Figure it up. What did your stumpage cost you, and what did it cost to manufacture? We are going to settle upon the cost." I said, " No; I thought you were going to settle upon the market price. As a matter of principle, I am going to insist that you settle on the market price, but I believe that if you pay me cost there will not be very much difference." We sat down and figured it out both ways, and the insurance adjusters paid us for our loss, and there was only a few dollars difference between the cost and the market price last May.

Mr. CLARK. You could outfigure them.

Mr. WHITE. A man that can outfigure an insurance man is a good one.

Mr. CLARK. I know he is. That is true.

The CHAIRMAN. How much was the drop in price of that lumber?

Mr. WHITE. The drop, I think, has been about \$4 a thousand—it had dropped down clear to cost.

The CHAIRMAN. What was the price before the drop?

Mr. WHITE. Why, I think that we got at one time last summer about \$16. The uppers dropped about \$4, and I think that the lower grades dropped something like \$3. At any rate, with our kind of lumber that runs, say, 20 per cent uppers or 25 per cent uppers, the actual cost of the lumber was about \$13, and they paid us \$13 on our loss, and the market was about \$13, or a few cents over.

The CHAIRMAN. You say you made money in 1907.

Mr. WHITE. Nineteen hundred and seven was a good year.

The CHAIRMAN. And you had previous to that, how many years, made money?

Mr. WHITE. Lumber began to go up a little in 1897, and we had about ten years of very prosperous times. I think that the Dingley tariff bill went into effect in July, 1897.

The CHAIRMAN. And since 1907 there has been a general disturbance of business and a poor market?

Mr. WHITE. Yes; that is right.

The CHAIRMAN. People did not build, and could not build?

Mr. WHITE. Yes.

The CHAIRMAN. Lumber was a glut in the market?

Mr. WHITE. Yes.

The CHAIRMAN. It went down below the normal price?

Mr. WHITE. Yes.

The CHAIRMAN. That is all.

Mr. FORDNEY. The gentleman from Missouri asked you a little while ago if the tariff on lumber was cut in two what would be the result. There would be one of two things happen if the tariff or duty on lumber was cut in two; it would either seriously interfere with the revenues of the Government, or it would increase imports, would it not?

Mr. WHITE. Certainly.

Mr. FORDNEY. Neither of which is desirable in the United States?

Mr. WHITE. That is right.

Mr. FORDNEY. You spoke of the high rate of duty which you pay on articles that you use that go into the production of lumber.

Mr. WHITE. Yes.

Mr. FORDNEY. What is the rate of protection, ad valorem, on your product compared with those things that you purchase?

Mr. WHITE. About 11 per cent, as against 40 per cent.

Mr. FORDNEY. I will give you the figures here, and I would like to have this go in the record.

Mr. WHITE. Yes.

Mr. FORDNEY. The government reports for the last five years show on imported lumber the rate is 13.02 cents protection, based on the value of the lumber when imported.

Mr. WHITE. I do not know about that.

Mr. FORDNEY. Do you know of any other product in the United States that has as little protection as lumber?

Mr. WHITE. I do not, sir.

Mr. FORDNEY. Or any product which has anywhere near as small protection?

Mr. WHITE. No, sir.

The CHAIRMAN. Do you know of any that needs as little?

Mr. WHITE. I really think that the lumber manufacturer as a manufacturer has made less money than the manufacturer in the United States of almost any other article.

The CHAIRMAN. You spoke about the tariff on machinery that you use to make lumber in this country.

Mr. WHITE. Yes.

The CHAIRMAN. The Canadian manufacturer buys the same machinery from this country, does he not?

Mr. WHITE. Not always, I think.

The CHAIRMAN. As a general rule?

Mr. WHITE. I think that he buys the best machinery, and he gets it here, some of it, of course.

The CHAIRMAN. He buys it generally from this country, does he not?

Mr. WHITE. I expect he buys his sawmills from this country.

The CHAIRMAN. What is that?

Mr. WHITE. His sawmills, I think, he buys from this country.

The CHAIRMAN. And he has to pay the tariff on that machinery to get it into Canada?

Mr. WHITE. Yes.

The CHAIRMAN. Do you know what per cent?

Mr. WHITE. I do not know what the per cent is.

The CHAIRMAN. He is not as well off in that respect as you are, is he?

Mr. WHITE. He is better off on the entire material that goes into the manufacture, the permanent manufacture.

The CHAIRMAN. Take sawmills. We will not go beyond that item on this question.

Mr. WHITE. In regard to the sawmill, I think that if the tariff was off he would get his raw material in Canada, of course he can get that in cheaper. But we have the skilled labor on this side, and I expect he would buy his mills here.

The CHAIRMAN. I do not know why, but I do not seem to make myself understood.

Mr. WHITE. Well, I beg your pardon.

The CHAIRMAN. You buy your sawmills in this country to manufacture here?

Mr. WHITE. Yes.

The CHAIRMAN. The Canadian buys his sawmills in this country and imports them into Canada?

Mr. WHITE. Yes.

The CHAIRMAN. And pays the duty on them?

Mr. WHITE. I do not know how much duty.

The CHAIRMAN. Well, he pays the duty, whatever it is?

Mr. WHITE. I expect so.

The CHAIRMAN. If he pays the duty, he is so much worse off than you are, as far as the sawmill case is concerned?

Mr. WHITE. Yes; I see. That is right.

Mr. FORDNEY. Do you know of any agricultural product the producer of which has as little protection to-day as the manufacturer of lumber has on his product?

Mr. WHITE. I do not, sir.

Mr. POE. Do you know whether the Canadian pays more or less than you do for the same things that you buy for manufacturing your product?

Mr. WHITE. I do not. The statistics are here, and I think they will be shown by others.

Mr. POE. On that proposition you can not answer?

Mr. WHITE. No, sir; I have never operated in Canada. I have confined my operations to American timber.

Mr. POE. I am not speaking of timber. You enumerated a lot of things there that you say you have to pay a tariff on.

Mr. WHITE. Yes, sir; that is right.

Mr. POE. Take the sawmills and sawmill supplies and machinery.

Mr. WHITE. Yes.

Mr. POE. Do you know whether the Canadian pays more or less than you do for the same things?

Mr. WHITE. I do not. I know that on a great deal of this that is imported, iron link chains and iron shoes and nails and spikes and things of that kind, he gets in his supplies free of duty from the other side.

Mr. POE. I am speaking of the American manufacturer.

Mr. WHITE. Of the American manufacturer? I do not know whether his duty is lower or higher than ours.

Mr. POE. I am not speaking of the duty; I am speaking of the price he has to pay.

Mr. WHITE. I do not know whether the price he has to pay is lower or higher.

Mr. POE. That is all.

The CHAIRMAN. Conclude your statement.

Mr. WHITE. In regard to oak lumber, some one was inquiring about oak furniture. You can buy any amount of oak lumber in the South at \$2 stumpage, and oak lumber is as a drug. I am interested in three mills now that are shut down because we can not sell our oak lumber.

The sawmill man has always followed the settlements and manufactured lumber for the country and the growing towns, while the farmers all around him were rolling their timber into log heaps and burning it to make way for fields of corn and meadows. Nearly all farmers made their own log buildings, and they even split their walnut into rails. I mention this because we are accused of destroy-

ing the forests; but the lumber manufacturer has always cut his top log and always cut just as much as he had a market for and as much as he could sell, and as a manufacturer he has just followed along the settlements and sold his lumber when he could sell it, so as to induce the consumer to buy it instead of putting up log buildings, and when the railroads came along and went far into the interior and opened up the prairies of the West, then it occurred to some one that he could make some money by buying stumpage—buying fifteen or twenty years ahead as an investment—and they did so, and their money has been made off of the stumpage. The man that went along and simply bought his timber from day to day or from year to year did not make much money, as I have said before.

The pledge made in the Chicago convention on June 18th last, and since reiterated by President-elect Taft, for a revision of the tariff so as to impose such duties as shall equalize the cost of production at home and abroad, and provide a reasonable profit for American industries, especially recognizing the needs and welfare of wage-earners generally, holds no fears for the lumber manufacturer. The lumber industry can appeal to that pronouncement and indorse the sentiment, as will the hundreds of thousands of American laborers who form the great army of workers in lumber. If the entire protective policy of the United States were to be abandoned to free trade the lumbermen would have no argument to present, but since protection as well as revenue is to remain the basis of our system of imposts the lumber trade feels that its stand in behalf of at least the present rates of duty is impregnable to any attack.

The degree of protection to lumber is now far below the average as compared with other protected items in the tariff schedule. I think it is equivalent to not more than 11 per cent ad valorem on rough lumber, while the average on dutiable articles imported into this country, I am told, is about 40 per cent ad valorem. And if rates are to be reduced because some articles related to the development of manufacture and agriculture are now found to be too highly protected certainly lumber is not among them.

If it be the policy to readjust the rates relative to the needs of each industry, according to the declaration made in Chicago before referred to, so as to yield a reasonable profit to American producers, then might lumber well ask for a higher rate. Under no conceivable theory excepting that of free trade can the lumber tariff be lowered or removed.

I am told that the duties received from lumber imported from British North America into the United States during the last fiscal year were about \$3,000,000 and were much lower than in previous years. The schedule of values of sawed imported lumber show that it is chiefly the lower grades of Canadian lumber that are exported to the United States.

This will be giving us more of these grades to consume, making it necessary for the American manufacturer to leave far more of his poorer grades to rot in the woods. To the Canadian, or to the American who owns stumpage in the British possessions in the Bahamas, or in Mexico, a reduction in the duty would be welcome, and in the same proportion it would be an injury to the American manufacturer and to the American workman. The upper grades of lumber take care of

themselves, and find markets all over the world, and no revision of tariff is asked on their account, but the lower grades are found in the same tree, and are greatly in excess of the better grades, and the danger to be feared is the production of a surplus supply of lower grades. In the interest of forest conservation it is necessary to still further increase the proportion of lower grades. This can not be done if more of these grades are to be dumped in upon us, as a result of tariff reduction.

I went over into Washington a few weeks ago and I saw 20 or 30 shingle mills at work. I drove 20 or 30 miles into the country, and I saw these mills working on the stumps of trees that had been cut, some of them, twenty years ago, and the shingles were all made by those mills from logs and stumps—down timber and stumps. There is a saving to this generation and to future generations if we can so conserve the waste that is going on and use it and let the standing timber grow. I think that the shingle manufacturer of the Pacific coast will naturally object to any system of reduction that will prevent his saving his own timber—the down timber and the stumps.

Mr. LONGWORTH. I would like to ask the exact technical definition of the word "stumpage."

Mr. WHITE. It means the amount of standing timber that will make a thousand feet of lumber. In regard to the present prices of lumber, the manufacturers do not know that I have this little slip, and I am going to leave it here as a part of my remarks. A retail manufacturer sent out an inquiry the other day for prices on lumber delivered on a 26½-cent rate, and 16 different mills, 16 different manufacturers in the United States who manufacture the same kind of lumber—yellow pine—replied, and I have the result here. They have all bid on that bill of lumber, and their bids run from \$1 to \$3.50 per thousand. This simply shows that there is not any agreement among lumber men.

	2 x 8" x 16', No. 2, S. and E.	1 x 10" x 14 to 16', No. 1, S. and L.	1 x 10" x 12', No. 1, S. and L.	1 x 8" x 10 to 12', No. 2, S. and L.	1 x 4" x 10 to 14', No. 1, com. fig.	1 x 4" x 14', No. 1, S. 2 S.	1 x 4" x 10', No. 1, S. 2 S.	1 x 8" x 14', No. 1, S. 2 S.	B. Casg.
Clark & Bokee Lumber Co.	\$15.50	\$20.00	\$20.50	\$18.50	\$18.50	\$19.00	\$19.00	\$19.50	\$32.00
Crescent Lumber Co.	15.00	21.00	21.50	18.50	10.50	18.75	18.75	20.00	31.25
Exchange.	16.50	21.00	21.50	18.50	10.00	19.25	19.25	20.50	34.25
Central Coal and Coke Co.	15.50	21.50	22.00	18.00	19.75	19.75	19.75	20.50	31.75
Buchanan.	17.00	23.00	23.75	19.00	22.00	20.75	20.75	22.00	34.75
Bowman-Hicks.	15.50	21.50	22.00	18.75	20.25	19.75	19.25	20.50	31.25
Ingham Lumber Co.	15.00	21.00	21.50	18.00	19.75	19.25	19.25	20.00	32.00
O. J. Carter Lumber Co.	16.75	21.75	22.25	18.75	20.75	20.00	20.00	21.25	35.50
Sabine Lumber Co.	15.50	21.00	21.50	18.00	20.00	19.75	19.75	20.50	32.25
Carlisle-Pennell Lumber (C).	17.50	21.00	21.50	18.50	19.75	18.75	18.75	20.50	32.00
Gates Lumber Co.	16.25	21.50	22.25	19.25	21.75	20.50	20.50	20.50	32.25
Colonial Lumber and Timber Co.	16.50	21.00	21.00	18.50	20.00	19.00	19.00	20.50	31.00
W. T. Ferguson Lumber Co.	19.00	23.00	23.75	18.50	20.25	20.75	20.75	22.00	34.75
Frost-Johnson Lumber Co.	17.50	23.00	23.50	20.00	22.75	20.25	20.25	22.00	33.25
Monarch Lumber Co.	16.00	21.00	21.50	18.00	21.75	19.25	19.25	20.50	32.00
Ferguson-McDavis Lum- ber Co.	16.00	21.00	21.50	18.00	20.50	19.50	19.50	20.00	32.00
Hogg-Horris Lumber Co.	16.00	21.50	22.00	19.00	20.75	20.00	20.00	20.00	33.00
Miles Timber and Lumber Co.	18.00	21.50	22.00	19.00	10.00	19.00	19.00	20.50	34.25
Long-Bell Lumber Co.	15.75	21.00	21.50	18.00	20.00	19.25	20.00	-----	32.25
Pickering Lumber Co.	15.75	20.75	21.25	19.25	20.50	19.00	21.25	-----	32.50
Kirby Lumber Co.	17.25	22.75	23.25	20.25	22.75	20.75	21.75	-----	37.50

Mr. FORDNEY. You do not know of any trust?

Mr. WHITE. I do not know of any trust, and the manufacturers when they see that, if they do see that in print, will be surprised, because it was a retail dealer that sent this out, and it shows the great variation of prices.

Mr. POW. Did he send it out for the purpose of getting the information to use in this inquiry?

Mr. WHITE. No, sir; he did not. He is interested, I think, a little more on the other side. He has been over there all summer, and he has some retail yards, and he wanted to buy this lumber, and he is interested in a mill that I am interested in, and so he gave this to me. He said: "Just look here; just see what a difference there is. I do not want my name used, and I am just going to cut my letter head off, but you can see what a difference there is on the 26½ cent rate on the same kind of lumber."

In regard to laths, Mr. Clark called attention to that. I want to say something about the cost of laths and the present market price up in Mr. Clark's district to the retailer. The present price of laths delivered in Mr. Clark's district, in that part of Missouri and all up in the northern part of the State, is \$3.05 a thousand, 10 bundles, and it costs \$1.40 a thousand to manufacture those laths and put them on the cars. The freight on those laths is just \$1.15 a thousand. One dollar and fifteen cents and \$1.40 would make \$2.55. The difference between \$2.55 and \$3.05 leaves just 50 cents. There is just 50 cents profit on those laths.

Mr. CLARK. Fifty cents profit to the wholesaler?

Mr. WHITE. Fifty cents profit to the wholesaler provided he does not ask anything for his timber.

Mr. CLARK. Provided he does not ask anything for his timber?

Mr. WHITE. Yes.

Mr. CLARK. You do not mean to say that the timber in a thousand laths would cost anybody a dollar and forty cents, do you?

Mr. WHITE. I mean to say that it costs a dollar and forty cents a thousand to manufacture them.

Mr. CLARK. Why, certainly: counting the cost of the timber in.

Mr. WHITE. No, sir; the cost of manufacturing them, tying them into bundles, running them through your dry kiln and drying them, and loading them on the cars, is a dollar and forty cents.

Mr. CLARK. For a thousand laths.

Mr. WHITE. Yes, sir; for a thousand laths.

Mr. CLARK. And the retailer got \$2.95?

Mr. WHITE. Yes.

Mr. CLARK. That was his rake-off?

Mr. WHITE. Yes; I would not wonder.

Mr. CLARK. Is there not any way on the face of the earth, somewhere between the fellow that owns the stump and the man that buys it at last, that somebody will not gouge him somewhere along the road?

Mr. WHITE. The retail man is generally your neighbor.

Mr. CLARK. Yes.

Mr. WHITE. He lives right in your town, and you will have to deal with him.

Mr. CLARK. That is what I will do. [Laughter.] Now, I want to ask you two or three questions. Mr. Fordney asked you if all

other agricultural products were not protected more than lumber. If a man ten years ago paid \$7.50—that is the highest figure I have heard named here to-day—for an acre of stumpage, and for any reason, it does not make any difference what, the value of that acre has gone up to \$30 or \$40, do you think that the tariff ought to be held up so high as to enable him to sell that stumpage at this price that is coming to him in these years?

Mr. WHITE. As long as we permit the farmer to buy his land at \$1.25 an acre—his wheat land—and there is a tariff on wheat, and he sells that land for \$50 an acre in the same time that lumber has been increasing in, I think it is as fair for the lumberman as it is for the farmer.

Mr. CLARK. He does not get any more for his wheat when the land is \$50 an acre than when it is \$1.25 an acre.

Mr. WHITE. He has got to be governed by the market.

Mr. CLARK. Yes. You and I are both Missourians, and both. I think, interested in the State.

Mr. WHITE. That is right.

Mr. CLARK. It does not make any difference how much we differ about politics.

Mr. WHITE. No.

Mr. CLARK. You put in your list of expenses that you made up of what you had to pay in making lumber the tariff on mules over a certain value.

Mr. WHITE. Yes.

Mr. CLARK. The tariff on mules does not keep Mexican mules and scrub mules from competing with Missouri mules, does it?

Mr. WHITE. I do not know. There are a great many mules raised in Missouri. That is a mule State.

Mr. CLARK. Yes; the best mule State in the Union.

Mr. WHITE. Yes.

Mr. CLARK. You would not have a pair of these Mexican mules to use in your lumber business if they would make you a present of them, would you? You could not afford to use them.

Mr. WHITE. I would rather have Missouri mules.

Mr. CLARK. One pair of Missouri mules would be worth six pairs of Mexican mules.

Mr. WHITE. Yes; but Missouri can not furnish all the mules.

Mr. CLARK. No; but they raise mules also in Tennessee and several other States.

Mr. WHITE. Yes; but they have the smaller grades of mules, and they will do in logging and they use them a great deal.

Mr. CLARK. Yes; but the reason I asked you that was because you put that in as a part of your expenses, as an excuse—I do not mean it offensively—for putting up the price of lumber.

Mr. WHITE. No; I gave you part of that as the cost of lumber. I do not know how much of that goes into the cost of lumber, but I say this: If we are going to give the farmer his lumber free of duty he must give us the same conditions that prevail on the other side, where we compete, and take off the duty on these other articles.

Mr. CLARK. Well, I took the mule feature of it as a glaring feature. If there was absolute free trade in mules the mules raised in Mexico or anywhere else could not compete with the best American mules.

Mr. WHITE. No.

Mr. CLARK. They are the best kind of mules.

Mr. WHITE. Yes; but they raise mules in other places. Now, as to the cost of the lumber to the farmer, the other side in presenting their case, I think, showed that they were very much in doubt as to whether there would be any lowering of the prices.

Mr. CLARK. You are not in doubt about it, are you?

Mr. WHITE. I believe this: That it would lower prices or we would have to cut down some on expenses if we ran our mills.

Mr. CLARK. You would cut down on stumpage, at least, would you not?

Mr. WHITE. I do not control the stumpage. The other fellow controls the stumpage.

Mr. CLARK. I know; but if the stumpage men can not sell their logs they are out.

Mr. WHITE. I do not know. They may hold it for future generations. But you could not make them sell their stumpage.

Mr. CLARK. You say in days gone by, when you and I were boys in the tobacco belt, they cut up this fine timber and burned it, and made rails out of walnut trees, and all that kind of thing. That is true. I have been engaged in that kind of business, when I was a boy, myself.

Mr. WHITE. Yes.

Mr. CLARK. Now, because these people wasted the timber when there seemed to be no end to the timber, that is no reason why we should go on wasting what little we have left?

Mr. WHITE. No, sir; and that is the reason I am in favor of a tariff that will protect the timber; so that I can pick up the last log in the woods and bring it in and manufacture it into something that will pay the cost.

Mr. CLARK. And how about Mr. Gifford Pinchot and the President and all these statesmen who are talking so much about preserving our forests?

Mr. WHITE. They have not heard me talk. [Laughter.] I have the honor of being on that forest conservation committee.

Mr. CLARK. So am I.

Mr. WHITE. You and I will get together and we will try to convert each other.

Mr. POU. You read a while ago the platform of the Republican party on the question of the revision of the tariff. What is your construction of that, that that pledge is to revise the tariff upward or downward?

Mr. WHITE. I think the intention is to revise it in accordance with just the way it reads. I read it just as they put it. I do not know. I think they were simply to guarantee a fair profit to manufacturers.

Mr. POU. Revision means some change?

Mr. WHITE. Some change. It means an equitable change, so that it will insure a fair, reasonable profit to the manufacturer.

Mr. POU. I would like for you to indicate one schedule which in your opinion can be revised by reducing it downward? I want to hear somebody come in here and tell us something that there can be a little reduction in.

Mr. WHITE. Of course I would say at once I would like to have leather reduced, because leather belting costs us a great deal. We are paying at every mill we have \$2,000 a year now to keep up our

belting. I would like to have that reduced. I could go over the schedule and I could reduce a whole lot of things.

Mr. Pou. I would like to hear you name those things, if you do not object.

Mr. WHITE. I do not know what a horizontal reduction would mean, but I would like to see a great many things that I use reduced, of course. That would be a selfish proposition.

Mr. Pou. That is what I am trying to get at.

Mr. WHITE. It would be a selfish proposition.

Mr. Pou. One of them would be leather?

Mr. WHITE. Yes, sir.

Mr. Pou. What other thing do you think can be reasonably reduced?

Mr. WHITE. I expect lath yarn, and wire rope, and everything of that kind. I am not in favor of tampering with the tariff.

Mr. Pou. But the pledge is already made that it must be tampered with, in some way

Mr. WHITE. Yes. Before I could pass on what would be just to the manufacturers of this country, I would want to see their pay rolls, to see their cost and how much they paid their labor, and what their raw material cost them, and how much capital they had invested. I might do injustice to a man if I said that I wanted to have the duty taken off of sisal lath yarn, or rope, or any other article here. I would want to examine into his business before I could say. And you gentlemen are going to do that. You are going to summon those men here before you, just as you have summoned us.

Mr. Pou. That is what I want to get at. Almost everybody who has been in here seems to be in favor of reducing this thing upward, and I wanted to get at your view of some articles that could be reduced downward.

Mr. WHITE. I do not know. I have not looked that matter over. I have not pried into other people's business. I have been looking at the lumber business, and I presume there are a great many lumbermen here who feel, conscientiously feel, that they ought to have a higher tariff on some articles. But I am not asking it. I am willing to get through this period of hard times that we have had for the past year and start in anew without embarrassing ourselves any further, without any further consideration of the tariff. This is a very inopportune time to take up this revision, with industries almost prostrated by the panic which we have had in the past year. I think if we are going to consider a reduction of the tariff, or its revision, it would come better at some other period of our history.

Mr. RANDELL. You are not in favor of the Republican platform in that plant, then?

Mr. WHITE. I am in favor of you gentlemen getting together according to that plank and examining into the profits, and if you find that any manufacturer is making, by reason of the tariff, more profit than he is reasonably entitled to, cutting it down; and if it strikes lumber. I am willing to cut it down.

Mr. RANDELL. If we let the tariff stay as it is, will there be any difference, in your opinion, in the price of the lumber to the consumers on the plains in the West, as, for instance, in Texas, Oklahoma, and Kansas? Will there be any difference in the price from

what there would be if the tariff was left as it is, and if so, what difference?

Mr. WHITE. I will say this. Now, if there is to be a reduction in the tariff, and a reduction in the price of lumber at the mills for a considerable period of time, there will be relief felt, of course, on the prairies and elsewhere by the consumer, providing it is true that Canadian lumber is going to be put in here cheaper than we are now manufacturing lumber; but it is not going to be felt directly.

Mr. RANDELL. Then, if that is the case, the consumer there will get some benefit in the price?

Mr. WHITE. He will in time.

Mr. RANDELL. If that is not the case, then the lumber producer, the lumber dealer, would not lose anything; is that correct?

Mr. WHITE. Yes. I do not imagine that that \$2 is all going to the consumer.

Mr. RANDELL. I did not ask you that. I asked you if it would benefit him or not.

Mr. WHITE. It may benefit him some; I expect it will; I expect that it will be divided up along the line, and he will get a little of it.

Mr. RANDELL. I will ask you this: Has he not been getting the worst of it very much in the last seven, eight, or ten years in the price of lumber? You speak about a square deal. Answer this question: Has he been getting a square deal on the price of lumber—the builder in the plains of Texas?

Mr. WHITE. I do not understand you.

Mr. RANDELL. I will make myself understood, then.

Mr. WHITE. Yes.

Mr. RANDELL. Has he been getting his lumber at a proper price on the basis of a square deal, the basis you want to operate on?

Mr. WHITE. I will answer you in this way: I think he has been getting it on the basis of a square deal, unless he has been imposed upon by the retail lumber man. Now, even if he paid that whole \$2, even if he had done that, which he has not, and never will, that would not amount on 30,000 feet of lumber, which is the amount that would go into an average house, to but \$60, and he does not build but one house in a lifetime.

Mr. RANDELL. It would not hurt the lumberman, then, to knock the tariff off? If it would not help the consumer it would not hurt the lumberman, would it?

Mr. WHITE. The retail dealer, you mean? It would not hurt the retailer any. It is the manufacturer it would hurt.

Mr. RANDELL. Would it not hit the stumpage?

Mr. WHITE. I think it would.

Mr. RANDELL. The monopoly in reference to lumber is principally on the stumpage?

Mr. WHITE. I do not believe it is a monopoly.

Mr. RANDELL. Is it not in the hands of a very few men, and are they not mostly wealthy men and corporations?

Mr. WHITE. I think there are a very few wealthy men and corporations. It seems that there are a great many of them, because they are in the limelight, but it is something that is being held by the farmers all over the country. I am buying stumpage of the farmers now.

Mr. RANDELL. Have not the farmers got the stumps and you have got the lumber?

Mr. WHITE. They have got the stumpage. I am buying now in Louisiana and in the northern part of the State of Missouri. In Shannon County I bought 25,000 acres this past year, right in Shannon County.

Mr. UNDERWOOD. What is a square deal? When we strike a duty here which is practically prohibitive, and no competition can come in from abroad and no revenue is derived by the Government, do you think that is an indication that that duty is too high—that it needs adjustment downward?

Mr. WHITE. If you are in for a tariff for revenue, of course a prohibitive tariff may be too high; but sometimes you may get things cheaper under a prohibitive tariff, by home competition.

Mr. UNDERWOOD. Possibly by keeping on for a great number of years you may build up; but take the consumer of to-day, and not waiting for the years to come to work out the problem, do you not think it is a matter of a square deal when you strike a tariff duty that is prohibitive and allowing no goods to come in whatever, and the Government is deriving no revenue, to adjust that downward? Do you not think that is the place to readjust downward?

Mr. WHITE. I would not favor a prohibitive tariff. We have not had one in regard to lumber. That has been a low one.

Mr. UNDERWOOD. I am not speaking in regard to lumber. That is not prohibitive.

Mr. WHITE. No.

Mr. CLARK. In regard to that belting; you would like to have cheaper belts?

Mr. WHITE. Yes. I use a good many of them.

Mr. CLARK. The New England brethren want the tariff taken off of hides.

Mr. WHITE. Yes.

Mr. CLARK. But they have not so far been willing to agree to take it off your belting and shoes and boots and harness.

Mr. WHITE. Yes.

Mr. CLARK. Do you believe they could be induced to agree to put down not only the price of your belting, but of shoes and boots and harness, and everything that you use?

Mr. WHITE. You will have to labor with those fellows.

Mr. CLARK. I have been laboring with them for a long time.

The CHAIRMAN. You said you needed protection in the lower grades, the lowest grades, of lumber?

Mr. WHITE. Yes.

The CHAIRMAN. At what price are the lower grades imported, per thousand?

Mr. WHITE. I do not know that we have been suffering in our markets from the lower grades from Canada, but if the \$2 was taken off, I think we would suffer from those lower grades. That is the reason they want the duty off.

The CHAIRMAN. Is any of the lower grades imported now?

Mr. WHITE. I think that what is brought in here is chiefly lower grades.

The CHAIRMAN. What is the price in this country of the low grades we would get?

Mr. WHITE. No. 2 common?

The CHAIRMAN. And No. 3 common?

Mr. WHITE. No. 3 common is about \$6 at our mill. No. 2 common is about \$8 at our mills, and it is costing us more to manufacture it now. We are not making any money on those grades.

The CHAIRMAN. So that the ad valorem duty would be 30 or 40 per cent?

Mr. WHITE. Yes. It is a plain proposition. I think you will find that you do not want to let that cheap lumber come into this country.

The CHAIRMAN. It is 30 or 40 per cent?

Mr. WHITE. The freight is in their favor. It costs us 34 cents a hundred to get our lumber up to Canada or into Buffalo, and they will get it into Buffalo for 5 cents.

The CHAIRMAN. Of course they will from some points. Go a little further. As to the duty paid on machinery, the Canadian duty on sawmills and things of that kind is 30 per cent on sawmills built in this country. Of course, I do not agree with that theory, that whenever there is a tariff on an article the whole tariff is added to the price.

Mr. WHITE. I do not claim that, but a very considerable portion of it often is.

The CHAIRMAN. Sometimes none of it is added, where there is a great deal of competition.

Mr. WHITE. The whole of the tariff on steel wires is not added.

The CHAIRMAN. Do not let us go off onto steel wires. We want to get through with the lumber schedule.

Mr. WHITE. Yes.

The CHAIRMAN. As to sawmills, there are a number of factories making that machinery?

Mr. WHITE. Yes.

The CHAIRMAN. And there is competition there?

Mr. WHITE. Yes.

The CHAIRMAN. And a low price, comparatively?

Mr. WHITE. Yes.

The CHAIRMAN. So that it is a question whether any of that would be added to the price, or if any, a very small part of it?

Mr. WHITE. Yes.

The CHAIRMAN. The machinery being made in this country and exported into Canada, then, is subject to the 30 per cent duty, with no competition in Canada?

Mr. WHITE. Yes.

The CHAIRMAN. So that they would be at a great disadvantage for that part of their machinery?

Mr. WHITE. Yes; I expect that is true.

The CHAIRMAN. As to railway equipment, and that is used largely, the duty on that is 35 per cent in Canada?

Mr. WHITE. Yes.

The CHAIRMAN. And of course they have a disadvantage there, having no manufacture of that class of machinery there, have they not?

Mr. WHITE. In England they manufacture and bring it over into Canada.

The CHAIRMAN. Yes; in England, but they seem to import that machinery from the United States, and if they manufacture and bring from England they pay a duty on that. Somebody pays a duty when it is brought from England.

Mr. WHITE. I do not know what the duty is between Canada and England.

Mr. HILL. It is 20 per cent.

The CHAIRMAN. Twenty per cent reduction of duty, so that instead of 35 per cent it would be 28 per cent. There would not be much choice. Now, those things would help to make up for the freight to Buffalo, would they not?

Mr. WHITE. Yes; they would help.

The CHAIRMAN. You speak about pay rolls. I am glad you mentioned that. We are glad to look at pay rolls, and if you will commence right here and send your pay rolls, say one for each year for the last three years, for the inspection of the committee, or make a copy if you do not want to send the originals, and send us a copy, we will accept those copies and take your word for it that you have made an honest copy, if you do not want to send the originals.

Mr. WHITE. I will do it.

The CHAIRMAN. And if you will send the figures as to the different classes of laborers, we will take your word for that.

Mr. WHITE. We are proud of our pay rolls in Missouri.

The CHAIRMAN. This schedule is the only one appearing now, and the question is whether there shall be a reduction on this schedule. The other schedules will be taken up, and there will be questions on the other schedules, but we want to get the information more than anything else. That is all.

Mr. FORDNEY. Going back to laths, you spoke of the price which they sold for in our friend's district, \$3.05, leaving a profit for stumpage to the manufacturer of 50 cents a thousand.

Mr. WHITE. Not a profit; no. I beg your pardon.

Mr. FORDNEY. No; but stumpage. Just answer as to stumpage. It was \$2.50 a thousand for stumpage for the timber in the laths?

Mr. WHITE. Yes.

Mr. FORDNEY. The price of stumpage in Louisiana to-day is far above that?

Mr. WHITE. Yes.

Mr. FORDNEY. Further, the gentleman asked you about the reduction of cost?

Mr. WHITE. Yes.

Mr. FORDNEY. In case of low prices, you said you would have to curtail expenses or cost of production?

Mr. WHITE. Yes.

Mr. FORDNEY. Is it not true that you would commence with labor first of all, because labor more largely enters into the cost of a product than any other one thing?

Mr. WHITE. Yes; we should have to. We would hate to do it, but we would have to do it.

Mr. FORDNEY. That is right; the labor enters more largely into the cost than anything else?

Mr. WHITE. Yes; 80 per cent of it is labor.

Mr. FORDNEY. A gentleman asked you whether or not the consumption of lumber would be greater when the price was low than when it is high. Compared with agricultural products in 1896, is it not true that the average American is consuming more wheat to-day at the high price that it brings than he did in 1896, when it was 50 cents a bushel?

Mr. WHITE. I have understood that that is true.

Mr. FORDNEY. Then what is true of those articles is quite likely true of every other article produced in the country.

Mr. WHITE. Yes, sir.

The CHAIRMAN. It depends upon the prosperity of the people, does it not?

Mr. WHITE. Yes, sir; it depends upon the prosperity of the people.

Mr. FORDNEY. Is it not true that we are far more prosperous under a high protective tariff than we ever were under a low tariff?

Mr. WHITE. Yes, sir; I think that is true.

Mr. HILL. In buying stumpage, did you ever figure on the quantity of laths you would get out of it, or did you not buy stumpage on the basis of the lumber you cut from the logs, and were not the laths made entirely from the wastage in making the lumber?

Mr. WHITE. Yes, sir.

Mr. HILL. Then lath is a by-product entirely?

Mr. WHITE. Yes, sir; but that 50 cents, however, you have got to charge up to your mill, and you have got it there, and your machinery and expense.

Mr. HILL. Yes; but it is practically a surplus product, over and above the merchantable lumber in the logs?

Mr. WHITE. Yes; unless you can get 50 cents out of it you are not making any money.

Mr. CLARK. Do you know how it figures out that if a thing is shipped into Canada the Canadian tariff is added to the price, but if it is shipped from Canada into the United States or from anywhere else into the United States our tariff is not added to the price? What is the reason that that thing does not work both ways, going and coming?

Mr. WHITE. I do not know that I understand you.

The CHAIRMAN. It depends on the competition, does it not?

Mr. CLARK. No; it depends on whose ox is gored.

The CHAIRMAN. It depends on whose ox is gored, exactly. That is the difficulty with the gentleman from Missouri.

Mr. CLARK. It was mentioned that when these sawmills were shipped into Canada they would have to add 35 per cent of Canadian duty to the price of the sawmill, and therefore the American sawmill man had that much advantage over the Canadian sawmill man?

Mr. WHITE. Yes, sir.

Mr. CLARK. I ask you if the Canadian tariff is added to our articles when we ship them into Canada, how do you figure it out that the American tariff is not added to the foreign articles when they are shipped into America?

Mr. WHITE. The sawmill is a very small proportion of the expense.

Mr. CLARK. I took the sawmill as an illustration of the whole thing.

Mr. WHITE. Yes; it happens to be made more largely in the United States.

Mr. RANDELL. You say with the tariff off the danger would be of the importation of low-grade lumber?

Mr. WHITE. Yes.

Mr. RANDELL. Is not that the kind of lumber that is principally used in improving the farms on the plains of the West?

Mr. WHITE. It is largely cheap lumber; but we have not got a market for all of it now.

Mr. BOUTELL. I wanted to refer again to Mr. Clark's experience with these laths, because it is interesting as typical of the complaint which is made by all the producers of lumber who do complain. I understand that you sell to the retailer in his district at \$3.55?

Mr. WHITE. I think it was \$3.05 for laths, now, in his district.

Mr. BOUTELL. Three dollars and five cents?

Mr. WHITE. Yes.

Mr. BOUTELL. And out of that you get what?

Mr. WHITE. Fifty cents.

Mr. BOUTELL. Without pretending to say what a fair profit is for a retailer, if we allow for the retailer the same profit as the manufacturer gets, we would have the retailer making 50 cents a thousand if he sold those laths at \$3.55 a thousand?

Mr. WHITE. Yes.

Mr. BOUTELL. Then when Mr. Clark paid \$6 a thousand, he was paying to the retailer \$2.45 excess profit?

Mr. WHITE. Yes.

Mr. BOUTELL. Over and above the 50 cents?

Mr. WHITE. Mr. Clark bought those laths at a time when laths went up. There was a time when we asked, delivered at that point, \$4.50. I think there was about six months when you could not get a lath in white pine, you could not get a lath anywhere on the Mississippi River, and there was just a boom for laths, and they went up to that price. I think \$4.50 was what we got for laths for about six months.

Mr. CLARK. That was in June and July of 1907.

Mr. WHITE. That is right; that was the time when laths were up.

Mr. BOUTELL. Very well; if you were selling them then at \$4.50 to the retailer at a 50 cent profit, and we allowed him 50 cents profit, that would be \$5, while the retailer would be getting a dollar a thousand profit over and above the profit which the wholesaler made?

Mr. WHITE. Yes, sir.

Mr. BOUTELL. In other words, if this is typical of the experience of men who are buying lumber at retail, then the high price is not due either to the tariff or to a lumber trust—that excess \$1. That was simply due to the retailer getting all he could get out of it?

Mr. WHITE. Yes; that was it. It was a local condition.

Mr. BOUTELL. Another thing. You spoke of a small house, and the amount of saving to be made in the building of a house, provided the whole \$2 could be carried forward to the farmer who built the house?

Mr. WHITE. Yes.

Mr. BOUTELL. That would be allowing about 30,000 square feet for a house?

Mr. WHITE. Yes; 25,000 to 30,000 feet of lumber in a house that would cost \$2,000.

Mr. BOUTELL. That would be a good five or six room cottage?

Mr. WHITE. Yes.

Mr. BOUTELL. And if the duty were repealed and we could carry forward to the ultimate consumer the difference would be \$60?

Mr. WHITE. Yes.

Mr. BOUTELL. If we should suppose that in the ordinary channels of commerce half of it went to him, that would be \$30?

Mr. WHITE. Yes.

Mr. BOUTELL. That the farmer in Mr. Randell's district or the mechanic in my district could save on the building of a house \$30?

Mr. WHITE. Yes.

Mr. CLARK. A difference of \$60 would make a considerable difference in the number of houses built in the United States, would it not?

Mr. WHITE. It would depend on what the farmer was getting for wheat.

Mr. CLARK. I am not talking about the farmer, but about the man that builds the house.

Mr. WHITE. It has not proved so in my experience. When things are high there is more building going on; the country is more prosperous. If you put lumber clear down you do not increase the consumption.

Mr. CLARK. Suppose everything else was left as it is; let us take the extreme illustration, and you cut down lumber so that it reduces the price of an ordinary house of five or six rooms \$60, will not that increase largely the number of houses to be built in the United States?

Mr. WHITE. If everything else in the country is prosperous, it might have that influence; but when a man gets ready to build a house he builds a house, and he does not let \$50 stop him.

Mr. CLARK. Yes; you and I would; but there are thousands of people that count every cent that goes into a house before they start building.

Mr. WHITE. If there was going to be a horizontal reduction, and everything taken off, I do not think we would have anything to complain of.

Mr. CLARK. What do you want to substitute a tariff commission for the Ways and Means Committee for? Just give us a plain, candid answer.

Mr. WHITE. I just have so much confidence in you gentlemen that I just wish you could fix it and not call on us fellows at all. I think if you investigated, as you are now doing, we could rely on your judgment entirely.

Mr. CLARK. We are much obliged to you.

STATEMENT OF MR. EDWARD HINES, OF CHICAGO, REPRESENTING THE EDWARD HINES LUMBER COMPANY.

Mr. HINES. Mr. Chairman and gentlemen, I am appearing before you in rather a dual position, directly representing several phases of the lumber business. In the first place, our company is largely a buyer in the lumber jobbing business, our main yards being located in Chicago. We have purchased lumber in Canada, in the Georgian Bay district, from the Soo to Owen Sound, large quantities of lumber, during the period of the duty of \$1 per thousand, during the period when the duty was entirely taken off, and later when the duty was made \$2 a thousand. The Georgian Bay district has a peculiarly advantageous position, owing to the rivers entering the bay at a number of points, so that the logs are very cheaply transported to the mills. The mills are all located on the bay, directly accessible by the cheap water transportation to the great distributing points of Tonawanda and Buffalo, N. Y.; Cleveland and Toledo, Ohio; Detroit and Saginaw, Mich.; Chicago, Ill.; and Milwaukee, Wis., the great gateways for shipping to the immense consuming districts of New York,

Pennsylvania, Ohio, Indiana, and the Middle West. Lumber can be transported to these gateways at an average of \$1.75 per thousand. These places, besides being great distributing railway shipping points, are directly the largest consuming cities of lumber in this country, both in the building line and the cutting up into the various factory lines for boxing and crating material. This territory comes in direct competition with the hemlock from Pennsylvania and Michigan and Wisconsin, and with the various woods, like yellow pine, poplar, and gum, from south of the Ohio River, subject to transportation charges alone of from \$5 to \$10 per thousand, as against \$1.75 from Canada.

Mr. UNDERWOOD. Subject to how much?

Mr. HINES. Subject to a difference in favor of Canada of \$1.75 by water as against \$5 to \$10 per thousand, probably a maximum of \$10 per thousand, by rail in this country. By actual experience and statistics the importation of lumber from Canada in both volume and value per thousand feet has increased most extensively. In 1898 the United States imported from Canada 353,000,000 feet, valued at \$9.91 a thousand feet. In 1907 there was imported practically three times that amount, or 924,000,000 feet, at about 100 per cent increase in value per thousand feet.

Mr. HILL. In making your comparison between \$1.75 freight by water from Canada and the \$10 rate by rail transportation in the United States, you are making the comparison between two different kinds of lumber, are you not—yellow pine, and white pine from Canada?

Mr. HINES. No, sir.

Mr. HILL. Where do you get your white pine in the United States at \$10 a thousand?

Mr. HINES. We are manufacturing at four large mills—at Ashland, Wis.; at Iron River, Wis.; at Mason, Wis.; and at Hayward, Wis.

Mr. HILL. That does not cost any \$10 a thousand, does it?

Mr. HINES. I said from \$5 to \$10 a thousand. To put the lumber from Hayward, Wis., to Buffalo, N. Y., by rail, rough lumber, costs about \$7 per thousand. To Detroit it costs about \$6.50 per thousand.

Mr. HILL. By rail?

Mr. HINES. Yes, sir.

Mr. HILL. Why do you not put it there by water?

Mr. HINES. Those points are located away from the Lakes. To put it there by water you would be obliged to ship first to the lake ports and pay a rail rate, then an unloading charge, then a reloading charge, and then a water-transportation charge, making it almost the same.

Mr. HILL. In one case lumber from Canada is in the rough and in the other case it is delivered by rail here dressed; is it not?

Mr. HINES. No; I am citing a case of both in the rough. If you dress it in the United States it costs a further charge.

Mr. GRIGGS. Is the Canadian lumber all made on the coast?

Mr. HINES. It is all made on the coast. What they call the Ontario district lumber is made absolutely on Georgian Bay, on the water.

Mr. GRIGGS. That comes through by water?

Mr. HINES. That comes through by water, all of it.

Mr. CLARK. That can not possibly last long, can it?

Mr. HINES. Yes; I think, in a conservative way, that what they are manufacturing in the Georgian Bay district has a life of at least fifty years ahead of it.

Mr. CLARK. I know; but part of the Georgian Bay district is a hundred or 200 miles from Georgian Bay.

Mr. HINES. Those rivers extend from 100 to 200 miles up.

Mr. CLARK. All of the timber in the Georgian Bay district does not grow so close to navigable waters that you can roll the logs down and raft them down, does it?

Mr. HINES. Nature has given Georgian Bay very peculiar advantages. There are a number of streams, at least 15 or 20, that run into the lake from a distance of 100 to 300 miles north, and the distance between those streams ranges all the way from 10 to 30 miles. The timber is taken over to one stream or the other stream.

Mr. CLARK. Instead of having the most fortunate country on earth, we seem to have the most unfortunate one about everything.

Mr. FORDNEY. About all the lumber manufactured in the Georgian Bay district is manufactured right on the bay, is it not?

Mr. HINES. All—all.

Mr. GRIGGS. Will it all continue to be manufactured there?

Mr. HINES. Naturally; nature has so arranged the situation that the cheapest way to transport logs is by water. The water flows to the lake, and the logs will almost naturally float down to the lake at a very small cost.

Mr. HILL. That was true at Bay City and Saginaw as long as the logs lasted, was it not?

Mr. HINES. Yes, sir.

Mr. GRIGGS. We have many rivers in Georgia on which timber grows, but we have no such situation as that, because they are 15 miles apart. A tramway has to be built to carry the logs out, and that is a large part of the railway cost.

Mr. HINES. But up north that is done in the winter time, with snow and ice roads, at practically no cost; while down south the yellow pine will not, in all cases, float. Up north our pine timber floats.

Mr. GRIGGS. Our pine will float, too.

Mr. HINES. Yes; to some extent. There is some difference in it.

Mr. GRIGGS. I never saw a pine log sink yet.

Mr. HINES. Does not the great extra cost in transportation from our mills to the respective places above named, and the large increase in the importation, warrant, in a most reasonable way, that our industry should have protection? And would it not be a mistake to give Canada further advantages by considerably lowering the present tariff? Our business is the largest purchaser of farm foods and farm products of any industry in this country, and needs assistance at your hands in the way of maintaining, if not increasing, the present tariff. The present tariff is only one for revenue, and is not one of sufficient size to be called protection, as in the case of the tariff on many articles like iron and steel, which enter into the manufacturing lines and are direct competitors with us.

Mr. GRIGGS. Right there, do you mean to tell us that you are here advocating a revenue tariff on lumber, and that you do not care anything about the protective part of it?

Mr. HINES. No, sir; absolutely on the contrary. We are here advocating a protective duty for this industry.

Mr. GRIGGS. But you say this is not one.

Mr. HINES. In our judgment it is not, as compared with other articles that enter into direct competition in our building lines, like steel. We say that an average of 11 or 12 per cent is not a protective duty as compared with other articles having from 40 to 60 per cent in comparison.

Mr. GRIGGS. Then it is a comparatively protective duty?

Mr. HINES. That is what the facts show; yes.

For the past several years, as the supply of some kinds of lumber has decreased, a mistaken opinion has become prevalent among many people. It has been stated broadly that the supply of lumber has greatly decreased, when really only certain kinds have been decreasing, which has had the effect of influencing the consumer to use other kinds practically as suitable for the ordinary purposes as they have been using white pine for and thus giving value to what was considered useless. Twenty-five years ago the average farmer and carpenter and box factory would not use anything but soft white pine, even for the ordinary common framing lumber. As it became harder to get and more expensive, necessity compelled him to look into the suitability of Norway pine, which at that time had no commercial value. I remember distinctly of first introducing Norway in the Middle West twenty-five years ago, going so far as to carry samples of it worked to bevel siding and flooring, and showing that it would take paint and answer practically the same purposes as white pine. We even furnished railroad companies sufficient samples in the way of roofing and siding to build cars, thus introducing it, and now it is used exclusively for framing and for car siding and roofing and for most purposes where white pine was formerly used exclusively.

Further changes have taken place during the past ten years. Hemlock has been gradually introduced in the place of Norway pine, until now it is being manufactured in large quantities in Pennsylvania, Michigan, and Wisconsin; and it has been demonstrated that for many purposes it does equally as well as many other woods. That has brought into the market timber that formerly had no commercial value and kept alive mills and towns that for many years were supported by the pine industry.

The hemlock stumpage at the present time is netting the manufacturer from \$2 to \$3, selling at the mill points for from \$11 to \$13 per thousand. The difference of from \$8 to \$9 consists entirely of charges for labor and supplies. Our lumber industry pays out more for horses, for the food for the horses, and for the food supplies for men than is paid out in wages.

Take the duty off lumber, and where would the value of hemlock stumpage go? The manufacturer would not realize anything, and, necessarily, unless he could reduce the price of labor, the industry would have to go out of business. Considering that the cost of transportation to put this lumber in the market is from \$4 to \$6, as compared to \$1.75 in Canada, you must appreciate his competition and the importance of giving this great industry some protection.

There are at least 250 mills in Michigan, Wisconsin, and Pennsylvania manufacturing hemlock to-day. In most cases it is the only employment offered in these territories, the men being employed in the woods in the winter time and in the summer time in the sawmills and yards. All are great buyers from our home farmers.

There is still considerable pine timber located in Wisconsin and Minnesota, estimated at 20,000,000,000 feet. The State has been selling timber for from \$7 to \$11 per thousand on the stump. Add to this the cost of operating, place lumber on the free list, and the manufacturer would be in a most serious position in endeavoring to sell his product in any of the large cities or consuming districts, all of which are reached by cheap water transportation from Canada. Labor in this country has become educated to a high standard of living, and even under the terribly depressed conditions of the past year it has been next to impossible to get it to take anything less. During the last year the value of most kinds of lumber decreased 25 per cent, but labor did not decrease over $7\frac{1}{2}$ per cent, amounting to about 25 to 35 cents per thousand feet, while lumber declined \$3 to \$5 per thousand.

Mr. GRIGGS. Has not a large percentage of that price come back, though?

Mr. HINES. No, sir; not yet.

Mr. GRIGGS. None of it has come back yet?

Mr. HINES. Some kinds of lumber to-day have increased probably 5 per cent; but we have not yet seen any material advance.

Mr. GRIGGS. Has not yellow pine increased from \$4 to \$6 a thousand?

Mr. HINES. No, sir; absolutely not. I should say yellow pine has increased on an average of about 5 per cent. That would mean from 50 cents to \$1.50 a thousand.

Mr. GRIGGS. That is what they tell me; that is all I know about it.

Mr. HINES. No; our selling price would not average over a dollar per thousand higher than during the lowest period of last year; and, buying in Chicago, we have not as yet paid over a dollar a thousand for anything in excess of the low price of last year.

A new feature in the past five years has come greatly to the front by the manufacture of yellow pine in the Southern States, which in volume now exceeds any other kind of lumber produced in this country, and very largely exceeds the amount of pine lumber that was ever produced in the North during the period of its greatest production. Last year this industry reached 13,000,000,000 feet, as compared with 3,250,000,000 of pine. This lumber is fast taking the place in the markets of all other kinds of pine and hemlock, and is becoming the universal material for all ordinary purposes.

Mr. UNDERWOOD. Let me ask you a question right there. In the case of yellow pine intended for structural work, there is no competition with the Canadian lumbers, is there? They do not compete at all?

Mr. HINES. They do, absolutely. You can buy Norway pine in Canada to-day at a basis of from \$13 to \$14 per thousand. We purchased last summer in the neighborhood of 20,000,000 feet at from \$12 to \$13.50 a thousand in Georgian Bay. The freight was from \$1.50 to \$1.87 $\frac{1}{2}$; take \$1.75 as the average. The duty of \$2 would make it \$3.75—an average of \$13 in Canada, which would make it \$16.75 in Chicago. Take yellow pine from the South, and you are up against the 26-cent freight rate. In the rough it weighs about $4\frac{1}{2}$ pounds, costing about \$11.50 to freight it alone. That would leave, at the mill points, about \$7 a thousand for your timber.

Mr. UNDERWOOD. Then, if the Norway pine is a competitor in the same field that the yellow pine occupies, how do you account for the fact that the yellow pine of the South goes into Canada and comes in competition with it?

Mr. HINES. That is a very small percentage—not over 5 per cent of the amount produced; and that is only extremely large timber and heart stock. But to get that heart stock you have got to cut the balance of the log into something else and sell it. You have got to cut your top logs, your branches, and your side logs, and it has got to be put in other markets.

Mr. HILL. Mr. Hines, do you think that the tariff, in order to be a protective tariff (which you say you think you ought to have), ought to equalize the difference in freight between Canada and Chicago and the southern pine freight rates to Chicago?

Mr. HINES. No; I do not say it ought to entirely; but I say that to attempt to reduce it would mean placing the lumber industry in this country at a still greater disadvantage than it occupies to-day.

Mr. HILL. How do you reconcile that with the proposition that on the Atlantic coast, in New England, we can get the southern pine cheaper from the South than we can get lumber from Canada?

Mr. HINES. I think you are mistaken about that. You can not ship yellow pine from the South—

Mr. HILL. I am talking about North Carolina.

Mr. HINES. Yes; North Carolina—you can not ship North Carolina lumber to the markets of New York and Philadelphia and Boston any cheaper than you can ship New Brunswick spruce and hemlock to those same markets.

Mr. HILL. I am comparing it with Canada lumber. It is cheaper than that; it is cheaper than Ottawa lumber and Georgian Bay lumber.

Mr. HINES. No; in the New York markets—and I was there on Tuesday—you can buy Canada spruce to-day cheaper than you can buy yellow pine.

Mr. HILL. For how much?

Mr. HINES. Cheaper in price than you can buy southern pine.

Mr. UNDERWOOD. Does spruce come in competition with yellow pine?

Mr. HINES. Oh, yes. In the ordinary building material the spruce is just as good for joists and scantling and for sheathing and for lath and purposes of that kind; it is exactly equal to the yellow pine.

Mr. HILL. And a great deal better?

Mr. HINES. Well, I want to speak in a conservative way. In my judgment, it is better. It does not contain the sap; but in a conservative way it is as good.

The cost of transporting the lumber from the South to the consumer to the market, above referred to, averages from \$7 to \$10 per thousand. Compare this cost with the cheap water transportation from Canada, \$1.75, and does this not warrant a further protection at your hands? The present value of stumpage in Mississippi and Louisiana is about \$4, the cost of labor in operating being from \$8 to \$9, all cash, and which can not be reduced. Transportation amounts to from \$7 to \$10; and railroad companies are now claiming that they must increase the rates. If you deduct \$2 per thousand tariff, what will it come out of? The railroad companies

will not carry it for less; labor will not bear any reduction. Would there be any justice in asking us to lose one-half of our investment, which has been paid for at the \$4 basis? Does not the state of affairs warrant us in asking protection?

Mr. HILL. Mr. Hines, one moment—pardon me for interrupting you: Is not that stumpage bound to increase in value as the forests are cut off in this country—necessarily so?

Mr. HINES. It depends on what competition it meets. Are you speaking strictly of the yellow pine?

Mr. HILL. I am speaking of the stumpage anywhere in the country—South, North, East, or West—within the United States and within the \$2 tariff provision. Is not the stumpage bound to increase in value, as it has increased in value for the last twenty years?

Mr. HINES. Personally, I do not think so; not nearly so much, for this reason: Changes in conditions have taken place.

Mr. HILL. Does the pine grow again when it is cut off?

Mr. HINES. No; but here is the explanation I am giving you: Changes in conditions have taken place. In the little country towns to-day you see no pine sidewalks; you see entirely cement sidewalks. You can hardly appreciate the tremendous amount of lumber that used to be used in pine sidewalks in the United States.

Mr. HILL. At the same time the consumption is increasing enormously every year?

Mr. HINES. Yes; but during the last few years the cement proposition has come in to compete with us in a greater proportion than it did in twenty years before that. That has occurred in the last three years. So it is a question to-day whether stumpage will increase as it has in the past. You have no proof to substantiate it. It is simply a matter of one's opinion—one's judgment.

Mr. HILL. Do you not think that the price of stumpage is going to continually increase with the cutting off of the forests?

Mr. HINES. I think it ought to increase, for this further reason, outside of the cutting off of the forests: The matter of taxation in this country has got to increase it, as compared with Canada. Your timber in the West, your timber in the South, and your timber in the North, as I will show later on, is to-day estimated by every town assessor, and it is assessed at its present market price, on a basis of 3 or 4 per cent. Add your taxes per year to your stumpage and add 5 or 6 per cent of interest (which is only a reasonable charge), and necessarily in a period of ten years you have either got to increase the value of your stumpage or you are going to lose part of your principal, outside of the question of cutting off your timber.

Mr. HILL. Is the manufacturing profit to-day on lumber in the United States anywhere near equal to what it was on the southern peninsula of Michigan when Bay City and Saginaw were in their glory?

Mr. HINES. No, sir; I do not think it is.

Mr. HILL. Then the increased cost of lumber is merely the result of increased stumpage, is it not?

Mr. HINES. No; it is due to a combination of reasons. It is due to the very materially increased cost of labor; it is due to a material increase in the cost of all kinds of supplies. Every such item as corn, oats, and wheat is several hundred per cent higher than it was

a few years ago. If you buy a team of horses to-day you pay \$500 for them. We used to buy them for \$225 a few years ago.

Mr. FORDNEY. The center of production is farther away from the center of consumption that it was then, is it not?

Mr. HINES. Yes, sir; and there are various reasons that bring that result about.

Mr. HILL. The reason for the center of production being farther away is simply that the supply near by has been cut off, is it not?

Mr. HINES. No—well, you might say it depends upon what territory you want to use the lumber in.

Mr. HILL. I am talking about Chicago.

Mr. HINES. If you take Chicago, from a local situation, it may be true there; but if you take St. Louis or Kansas City, the situation is just the other way; because the yellow pine to-day is nearer St. Louis than the white pine used to be to St. Louis.

The great States of Louisiana, Mississippi, Alabama, and part of Texas, Florida, Georgia, and the Carolinas are full of timber—enough to supply the market for many years, and practically their greatest wealth is raw material. Should not this district have reasonable protection as compared with the other great industries in raw material and manufactured products? In lumbering operations almost everything we buy has protection. Labor is protected. Steel we use in large quantities. Leather we use in belts. We use a great deal of woolen goods and other articles, all having an average of over 40 per cent in protection. Is it not reasonable that lumber should have not alone its present duty, but an increased protection?

A further and greater illustration lies in the comparison of carrying charges in Canada as compared to this country. We own some 500,000,000 feet of timber in Canada. The tax is only about \$300 per year. In the city where our mills are located the country or town has no personal property tax. Therefore our mills and personal property are free from taxes. There is no penalty there for holding this timber or manufacturing it in limited manner. In Wisconsin we have several large operations. In Iron River, Hayward, and Mason, Wis., the town boards have had our timber estimated by experienced estimators, and, on the basis of actual quantity (the basis of \$6 per thousand stumpage), imposed a tax of from 3 per cent to 4 per cent, amounting to about \$90,000, or about 20 cents per thousand. In addition to this our sawmill, personal property, horses, outfit, railroad, and equipment are assessed at about their cash value, at 5 or 4 per cent. In manufacturing 30,000,000 feet per year, our taxes are about \$3 per thousand on the amount produced, while in Canada there is practically no tax, or no great carrying charge, again placing us at a disadvantage of at least \$4 per thousand. Deducting the tariff of \$2 would give them a greater advantage of \$5 per thousand.

Suppose you are cutting 30,000,000 feet per year, which would be a reasonable amount to cut. You have to make on your daily production or saw output \$3 per thousand to pay for the carrying charge on the timber in Wisconsin. In Canada you only have to make \$300 per year, or about 1 cent on that amount of production. Just think what that amounts to, gentlemen—\$3 per thousand. You have to make that before you start to make interest on your capital. That goes right to the town; it goes to the State. Think of what a carrying charge that is.

The same conditions exist in the South. Two years ago we were called to Mississippi to meet the board of supervisors. They had had men out all through our timber. We own some 240,000 acres there. They had estimated conditions in sections of it, and they said, "We want to tax you now at \$25 per acre on that timber at the regular assessed percentage." According to law, we could not do anything but pay our taxes. Now it is costing us to hold that tract of timber there about \$50,000 per year—just to hold it for taxes, not to speak about interest.

That is one thing that must necessarily add to the cost of stumpage, and is a very large item.

MR. HILL. It adds to the cost of lumber, too, by holding it out of the market, so that the small producer can not get hold of the stumpage, does it not?

MR. HINES. No, sir. As an illustration, I will tell you this: There are 28,850 sawmills in this country. There is the strongest illustration you could have that it is ridiculous to claim that there is a lumber trust. It is also a strong illustration that there are a great many so-called "small sawmill men" in the United States.

MR. LONGWORTH. What do you say about the cost of labor in this country and in Canada?

MR. HINES. You have to take Canada by districts. If you take the extreme Northwest, a very large amount of their help is Hindus, Japanese, Chinamen, and all that class of help. They get from 80 cents to \$1.25 a day. Right across the border you have entirely Americans. They get from \$2 to \$3 per day. Take the conditions down in the extreme Nova Scotia district, and you have Canadian Frenchmen—an excellent class of workmen, especially in the woods. They get about half what we are paying them in this country. The Ontario district comes nearest to our prices of labor, although, on the average, the prices there are a little less, but they come nearest to the prices here.

MR. CLARK. Mr. Hines, do you mean to say that the lumber industry out in Washington, Idaho, and Oregon is conducted by Japanese, Hindus, and Chinese?

MR. HINES. In our lumber operations?

MR. CLARK. Yes; and all the rest of them.

MR. HINES. No; in Washington Territory, Idaho, Montana, and through there, they have Americans almost entirely.

MR. CLARK. You undertook to work them, and the Americans ran them out over into British America; did they not?

MR. HINES. Oh, there was practically nothing of that kind. That occurred in one or two isolated places. It would not be 2 per cent of the help. But right across the border it is almost entirely that kind of help.

MR. CLARK. They tried to run them back, did they not?

MR. HINES. I do not recollect just the exact facts; but I know positively, having been out there a number of times, that it is a rare thing to see—in fact, you do not see any Hindus in the State of Washington or Oregon or Idaho.

MR. CLARK. Where did those fellows finally fetch up? They were playing shuttlecock over the border with them, were they not?

MR. HINES. I do not know where; but some of our people here have photographs showing a hundred men in front of the sawmills, all Hindus and Japanese, and not a single American among them.

Mr. CLARK. Yes; that would be very easy to arrange.

Mr. HINES. We have got pictures of a number of places. It would not be quite so easy to show a number of places in that way.

Mr. CLARK. You might move them along.

Mr. HINES. Well, no; I think not.

The CHAIRMAN. Proceed, if you will. Our time is running by and we have a great many people to hear.

I want to warn the gentlemen present that this hearing must be concluded before we adjourn to-night. I am not speaking to the committee; I am speaking to the other gentlemen who are here.

Mr. CLARK. Mr. Chairman, will you allow me to make a suggestion?

The CHAIRMAN. Certainly.

Mr. CLARK. If these lumbermen could pick out two or three representative men that could talk as well as Mr. Hines does (if they have any left), it would shorten the process very materially.

Mr. HINES. Thank you very much. That is quite a compliment.

The CHAIRMAN. Of course it would. That suggestion has been made to all parties heretofore, weeks in advance or days in advance.

Mr. CLARK. If they would hold a convention out here, it would be a good thing.

Mr. BOUTELL. I would like to suggest that we hear Mr. Hines's interesting statement and make memoranda of anything we want to ask, and ask him questions when he finishes.

Mr. HINES. I shall be very glad, indeed, to answer them.

The CHAIRMAN. I shall be glad if the committee will do that. I have suggested that once or twice, but it did not seem to work. I again request the committee not to interrupt Mr. Hines until he gets through with reading his statement.

Mr. HINES. Thank you.

There are in the neighborhood of 100,000 men employed in Michigan, Wisconsin, Minnesota, and Iowa. It would be safe to say that these would represent average families of five persons, not to take into account the various families that are indirectly dependent upon this industry in these towns, all of whom would be directly affected by anything that would affect the prosperity of our industry. Taking into account the tremendous buying power of our farm products of this army of people, and comparing the tax of about 12 per cent on lumber with the average of over 40 per cent on other articles, is this fair treatment of this industry, as against steel, which enters in a great competitive way into building material?

We wish to call your attention to the purchasing power of the farmer to-day. Our industry is the largest customer he has. A bushel of wheat, oats, or corn will buy more lumber at the present prices than during any period in the past twenty years. Therefore the American farmer has no ground for complaint. In 1906, on September 15, cash wheat brought in Minneapolis 74½ cents; in 1907, \$1.07½; in 1908, \$1.25—almost 100 per cent increase in a year. Corn brought 44 cents, 59½, and 78½ cents—about 75 per cent advance. Lumber has had no such comparative advance; yet everything that enters into the cost of the finished product we have been compelled to contribute to the farmer to sustain these prices. We can not buy a team of horses for less than \$500. We are paying relatively the

highest prices in twenty years for wheat, corn, and oats. We are paying to the railroad companies their present schedule of freight rates, and our industry is about the greatest commodity they handle. They are asking us to pay them more on account of the higher prices they are paying for all materials. Consider, therefore, taking off the duty and further encouraging competition with Canada. Where would our industry land? Would not the decrease in our business bring about a greater decrease in the purchasing of farm products? Therefore, in place of any reduction, have we not given you substantial reasons, which can not be questioned, that lumber must have protection? And is it not fair to increase the present duty if any changes in the general tariff schedule are to be considered, in order to protect this great industry and put it on a par with other great protected industries that enter into competition with it?

Some gentleman spoke about the cutting off of our forests having a tendency to affect the water supply. In the years 1870 and 1880 occurred the greatest floods that we have had in the Mississippi River—greater than we have had at any period since that time. So that contention, I think, is not well founded.

At the present time I have very reliable authority to the effect that Canada is considering putting an import duty on any yellow pine we ship into their country. The lumbermen are going to petition Parliament to have the importation of our pine stopped. So you can appreciate the position that Canada is taking to protect her own industries.

There has been some question made here as to an association of lumbermen, or a so-called "lumber trust." I have just read here from reliable statistics that there are 28,000 mills in the United States. We are direct competitors—the South against the West, the West against the North, and the East against the Middle West. There are absolutely different interests, different ownerships, and the mills are direct competitors. So there is no such thing, or even a probability of any such thing being considered, as a lumber trust. If lumber from one section gets too high, it simply opens the markets for the lumber from other territories to come in. If we get yellow pine too high, it opens the market for the hemlock from Wisconsin, Pennsylvania, and Michigan. If we get hemlock too high, it opens the yellow-pine district. If in the States of Kansas, Nebraska, and Dakota we get lumber too high, it opens the great Pacific coast district, and so it goes. If you get lumber too high in New York City, that opens the market to lumber from North Carolina or Nova Scotia.

Now, gentlemen, if there are any other questions that you would like to ask, I shall be very glad indeed to try to answer them.

Mr. UNDERWOOD. I should like to ask you some questions about this freight question. You state that the cost of delivering lumber in the rough at Buffalo is \$1.75. The duty on lumber in the rough at present is \$1 a thousand. That would be \$2.75. Did I understand you to say that from the mills in Wisconsin it costs \$7 to deliver it in Buffalo?

Mr. HINES. In the rough, it costs about \$7 in Buffalo from Wisconsin.

Mr. UNDERWOOD. That gives the Canadian lumber in Buffalo an advantage of \$4.25?

Mr. HINES. In freight rates; yes, sir.

Mr. UNDERWOOD. In freight rates, with the duty added to the Canadian lumber?

Mr. HINES. Yes, sir.

Mr. UNDERWOOD. At present, then, in Buffalo the Canadian mills control that market, do they not?

Mr. HINES. No, sir; not entirely. They are shipping a great deal of lumber into Buffalo.

Mr. UNDERWOOD. Can the manufacturer in Wisconsin undersell the Canadian manufacturer to the extent of \$4.25.

Mr. HINES. Certain kinds of lumber come from this country.

Mr. UNDERWOOD. I am talking about lumber in the rough now.

Mr. HINES. I am going to explain. Certain kinds of lumber come in. I have seen certain kinds come in from Canada.

Mr. UNDERWOOD. Referring to this lumber in the rough, is there any of that shipped from Wisconsin to Buffalo?

Mr. HINES. Yes, sir; there is a great deal of lumber shipped from the Cloquet district and the Duluth district.

Mr. UNDERWOOD. And the difference in freight rates and the duty amounts to \$4.25 in favor of the Canadian man, and yet you compete with him at Buffalo?

Mr. HINES. Let me explain: The lumber from Georgian Bay pays a duty of \$2, and \$1.75 freight. That is \$3.75.

Mr. UNDERWOOD. Wait a minute. Lumber in the rough only pays \$1 duty.

Mr. HINES. No; \$2.

SEVERAL GENTLEMEN. Two dollars.

Mr. UNDERWOOD. I thought the duty on rough lumber was \$1.

Mr. HINES. No; \$2.

Mr. RANDELL. You are talking about logs.

Mr. UNDERWOOD. All right—\$2. There is where I made the mistake. That is \$3.25. That is a difference in favor of the Canadian lumbermen of \$3.25 in Buffalo?

Mr. HINES. Yes, sir.

Mr. UNDERWOOD. You are able to meet that difference in freight rates and compete there?

Mr. HINES. We have to equalize the difference or lose the business. The dealer that is buying in Buffalo, having no interest in stumpage, would just as soon buy timber from Canada as he would from any part of the United States.

Mr. UNDERWOOD. Certainly; I understand that; but I want to know whether you can go into that market and compete under those circumstances?

Mr. HINES. We are obliged to or lose the trade.

Mr. UNDERWOOD. You would not try to hold on to the trade if it was not profitable, would you?

Mr. HINES. Why, certainly; we have to equalize things. In some places the trade is less profitable than in others.

Mr. UNDERWOOD. But you are not attempting to hold on to a trade where you get no profit out of it at all?

Mr. HINES. Oh, no; on certain kinds of lumber we can.

Mr. UNDERWOOD. There is a zone that it will cost the Canadian manufacture of lumber as much to go into as it costs you, by reason

of his paying freight rates after he lands on the American side, is there not?

Mr. HINES. Well, take Pittsburg, for instance.

Mr. UNDERWOOD. There is a zone of that kind, I presume. Please make a comparison there.

Mr. HINES. The rate from Cleveland to Pittsburg, I think, is 6 cents per hundred pounds. Therefore it costs a dollar and a half per thousand more to get that lumber from Cleveland, which would be added to the \$3.75 duty and lake freights, making it about \$5.25 to put it in Cleveland. To ship yellow pine, for instance, from the South in the rough would cost you about \$11 a thousand in the same market. To ship that same lumber from Wisconsin in the rough would cost you about \$7 per thousand at Pittsburg.

Mr. UNDERWOOD. Therefore, at the Pittsburg market both the Canadian lumber and the Wisconsin lumber have an advantage over the southern lumber by reason of the freight rates, to what extent?

Mr. HINES. On rough lumber, \$11 as compared with about \$6.25 from Canada, as well as from Wisconsin.

Mr. UNDERWOOD. When we get farther south, or, say, southwest—because that is nearer—

Mr. HINES. St. Louis, for instance?

Mr. UNDERWOOD. Toward St. Louis—where do you first reach the zone where the freight rates equalize the Canadian lumber?

Mr. HINES. St. Louis is the nearest point. For instance, the rate from St. Louis to Chicago is 10 cents. It would cost, therefore, \$2.50 a thousand to ship the lumber from Chicago to St. Louis. That would make it \$5.25 per thousand from Canada. The rate from the South to St. Louis is, I think, 18 cents on rough lumber. That would bring it to \$8.10.

Mr. UNDERWOOD. Eight dollars and ten cents from the South, and how much from Canada?

Mr. HINES. Seven dollars and twenty-five cents from Canada.

Mr. UNDERWOOD. Seven dollars and twenty-five cents from Canada?

Mr. HINES. Plus the duties.

Mr. UNDERWOOD. With the duty added?

Mr. HINES. Included; yes, sir.

Mr. UNDERWOOD. When you get to the west and the southwest, where do you strike the zone where they sell in competition with you?

Mr. HINES. At Kansas City it would be in favor of the yellow pine, on account of the rate from Chicago being, I think, 20 cents.

Mr. UNDERWOOD. How much in favor of the yellow pine?

Mr. HINES. About a dollar.

Mr. UNDERWOOD. A dollar. Now, if you go south and southwest of Kansas City you get to a point where the Canadian lumber can not go into that territory in competition with the southern pine at all?

Mr. HINES. That is right.

Mr. UNDERWOOD. Whether the duty is on or off?

Mr. HINES. That is right.

Mr. UNDERWOOD. So that the territory to the south and west of Kansas City would not be affected by this removal of the duty on lumber at all?

Mr. HINES. That is correct.

Mr. UNDERWOOD. But to the north and along the border line it would?

Mr. HINES. And that is the great consuming district. For instance, take Chicago and Detroit and Cleveland and Buffalo—there is a tremendous consuming district for building material, besides having tremendously large box factories.

Mr. UNDERWOOD. Is there much southern pine sold in that north-western territory above Kansas City?

Mr. HINES. Yes, sir; there is. The yellow-pine manufacturers have been endeavoring to enlarge their field, which they are compelled to do by the enormous increase in manufacture in the South.

Mr. UNDERWOOD. Do they compete with the Canadian lumber in that field on the same basis? Or is not the yellow pine sold there for one purpose and the Canadian lumber for another?

Mr. HINES. No; for instance, in the case of box lumber the South has been putting box lumber into Chicago during this late depression as low as \$11 per thousand, dressed on one side. That netted the mills about \$5 a thousand in Mississippi and Louisiana and Texas.

Mr. CLARK. Mr. Hines, did you ever know anybody that was dealing in stumpage to go into bankruptcy or into the hands of a receiver?

Mr. HINES. Yes; I have known some people to do that.

Mr. CLARK. That was through their drunkenness or mismanagement, was it not?

Mr. HINES. Well, no; miscalculation.

Mr. CLARK. When was it?

Mr. HINES. Oh, I have known a number of men in my experience that did not make a success of the lumber business, like many other kinds of business.

Mr. CLARK. Now, I want to ask you several questions. What is the rate of taxation in Mississippi?

Mr. HINES. I was just trying to think of that. The timber was valued at \$25 per acre—but while I want to make an illustration, I can not recollect what the rate was—but it amounted on our tract of timber of two hundred and some thousand acres to pretty close to \$50,000.

Mr. CLARK. On that point I wanted to ask you two questions, one following on the other. I want to know the rate of taxation in Mississippi, and how much lumber there is to the acre in Mississippi. If you do not know that, put it in your brief.

Mr. HINES. Yes; I can do that. The amount in Mississippi will vary all the way from 6,000 to 15,000 feet to the acre, depending on the location.

Mr. CLARK. I wish you would put that information in your brief.

Mr. HINES. Yes; I shall be pleased to do so.

Mr. CLARK. All we want is information. Do you say there have been no floods in the Mississippi River since 1900?

Mr. HINES. I say the greatest floods occurred in 1870 and 1880; at no time since then has the water been so high.

Mr. CLARK. Do you not know that there have been immense floods in the Mississippi in the last four years?

Mr. HINES. Oh, there have been floods; but the water has not been as high as during those periods.

Mr. CLARK. Was it not higher, as a matter of fact, year before last than it has been within the memory of the oldest inhabitant?

Mr. HINES. Not as I understand it; no.

Mr. CLARK. That is the truth about it, however.

Mr. HINES. I understand that the greatest floods were in 1870 and 1880. We have a gentleman here who lived at Clinton for thirty years, and he has given me those figures as being the absolute facts. He says he can prove that they are the facts.

Mr. CLARK. The river got over the levees and washed out the lands over in western Illinois, year before last, in places that had never been bothered in the last fifteen years.

Mr. HINES. I shall be glad to try to give you the exact figures on the depth of the water.

Mr. CLARK. You are talking about the headwaters of the Mississippi. They do not amount to anything.

Mr. HINES. No; I am speaking of the water on the basis of Clinton, Iowa.

Mr. CLARK. That is away up the river, too.

Mr. HINES. That is what we took as the basis.

Mr. CLARK. You are both a manufacturer of lumber and an owner of standing timber?

Mr. HINES. Yes, sir.

Mr. CLARK. What lumber and timber companies do you belong to?

Mr. HINES. I am the president of the Edward Hines Lumber Company, of Chicago.

Mr. CLARK. Is that the only one?

Mr. HINES. We have a number of subsidiary companies. We have the North Wisconsin Lumber Manufacturing Company, of Hayward, Wis. We have the Iron River Lumber Company, of Iron River, Wis. We have the White River Lumber Company, of Mason, and we have a number of institutions in Mississippi.

Mr. CLARK. Do you belong to what is popularly known among lumbermen as the "Weyerhæuser group?"

Mr. HINES. Mr. Weyerhæuser is interested in our company; yes, sir.

Mr. CLARK. How much stumpage do Weyerhæuser & Co. own?

Mr. HINES. I have no reasonable basis of calculation, except that I should say that Mr. Weyerhæuser, to my personal knowledge, is interested in probably thirty to forty mills; but in none of them has he the majority interest.

Mr. CLARK. I know; but how many acres of stumpage do Weyerhæuser & Co. own?

Mr. HINES. Oh, Weyerhæuser & Co. own very little. The different companies that he has stock in own, I presume—well. I could not say in definite terms; I presume somewhere about fifteen or twenty billion.

Mr. CLARK. Fifteen or twenty million acres?

Mr. HINES. Fifteen or twenty billion—no, sir; I refer to stumpage.

Mr. CLARK. As a matter of fact, do they not own about a million and a half acres of stumpage?

Mr. HINES. I could not say how many acres. We generally judge timber more by the stumpage quantity.

Mr. CLARK. What would you say to the proposition of a million and a half acres of stumpage?

Mr. HINES. I can not give a definite answer, because I do not know.

Mr. CLARK. How long have you been in the lumber business, Mr. Hines?

Mr. HINES. About thirty years.

Mr. CLARK. And you have been owning timber how long?

Mr. HINES. About fifteen years.

Mr. CLARK. Weyerhaeuser and yourself and the correlated companies bought a good deal of that stumpage as low as 15 cents a thousand, did they not?

Mr. HINES. No; we never bought any as low as that.

Mr. CLARK. Do you know whether Weyerhaeuser got any of his present holdings at 15 cents a thousand?

Mr. HINES. I do not know that; no, sir. I know our company never has bought any as cheap as that.

Mr. CLARK. What was the lowest stumpage when you first started in business yourself?

Mr. HINES. The cheapest stumpage our company bought, I think, was pine stumpage at about \$3 a thousand—yellow pine at about from \$2 to \$4.

Mr. CLARK. The lowest stumpage twenty-five years ago was \$3 a thousand?

Mr. HINES. Fifteen years ago.

Mr. CLARK. Well, fifteen years ago. Was it \$3 a thousand then?

Mr. HINES. Pine stumpage; yes, sir.

Mr. CLARK. How much is it now?

Mr. HINES. Of course, that stumpage has been cut off; so it would be pretty hard to say what that stumpage would be worth in that particular locality at the present time. But I should judge, in a general way, about from \$6 to \$9 per thousand.

Mr. CLARK. That is quite a respectable kind of a profit if you never made any more.

Mr. HINES. Are you figuring the gross profit or the net profit now?

Mr. CLARK. Both ways. It finally comes to the same thing.

Mr. HINES. No; you have to add to that, for a period of fifteen years, interest at the rate of 6 per cent. That would make about 200 per cent. Then you have to add your taxes. When you get all through you will not have such a tremendous profit.

Mr. CLARK. It is only in the last three or four years that the people of Minnesota and Wisconsin and Michigan and the Montanas woke up to the fact, just through the Granger movement and the La Follette agitation, that this timber ought to be taxed at any reasonable rate, was it not?

Mr. HINES. Oh, that is a mistake. Long before La Follette was elected in Wisconsin at all we were taxed on our timber. I know that to be an absolute fact.

Mr. CLARK. I know you were taxed; but you were taxed at a very low rate, were you not?

Mr. HINES. No; on the comparative market price at that time, which was small.

Mr. CLARK. Where are your timber lands located?

Mr. HINES. We have timber lands located in Wisconsin, a little in Minnesota, and also in Canada and in Mississippi.

Mr. CLARK. What is the rate of taxation per hundred, if you know, in Wisconsin? That is the easiest way to get at it.

Mr. HINES. In Wisconsin they assess your timber, get at the exact quantity as nearly as it is possible to estimate it, and assess the stumpage at all the way from \$7 to \$9 per thousand. The rate in Wisconsin

sin ranges from 3 to 4 per cent, which would make it cost you from 25 to 40 cents per year to carry it.

Mr. CLARK. You do not mean to say that the rate of taxation in Wisconsin is 3 or 4 per cent on the hundred?

Mr. HINES. I do, absolutely. We have paid it.

Mr. CLARK. What is this stumpage that you bought at \$3, you say, fifteen years ago, worth now?

Mr. HINES. I think the same stumpage to-day would bring from \$7 to \$9 a thousand if it was not cut.

Mr. CLARK. And how much is it worth per acre?

Mr. HINES. Stumpage in Wisconsin we do not judge by the acre; we estimate the land. It will vary a great deal. We base it on the amount of stumpage, not on the number of acres.

Mr. CLARK. Another thing. Is it not generally conceded among lumbermen, when you talk among yourselves, that the growth of the timber fully compensates for the interest and the taxes and the taking care of it?

Mr. HINES. No; it is not. For instance, last year we had considerable timber burned up by the fires.

Mr. CLARK. Oh, I know; but that is one of the accidents.

Mr. HINES. Yes; but those are things that we must take into account.

Mr. CLARK. I understand that.

Mr. HINES. Another thing is the wind that blows our timber down. Another thing is overripe timber that ought to be cut. So I would not agree with you on the question of interest and taxes being taken care of by the growth. I do not believe it.

Mr. CLARK. Does not the growth almost compensate, then, for the interest and taxes?

Mr. HINES. No; on certain kind of timber it actually does not. Possibly it might on some kinds of young timber.

Mr. CLARK. How much standing timber is there in the United States?

Mr. HINES. That is a matter of guesswork, to be perfectly frank.

Mr. CLARK. But you lumbermen have evidently worked on that proposition. How much is there?

Mr. HINES. No; we have had Mr. Pinchot's estimates or calculations. We have had other government statistics, too; but I do not believe that any reliable statistics of the timber in the United States exist to-day.

Mr. CLARK. Do you know what Pinchot puts it at?

Mr. HINES. I have forgotten the exact figure.

Mr. CLARK. Fourteen hundred billion feet. What is the amount of the annual cut in the United States?

Mr. HINES. About forty billions.

Mr. CLARK. If Pinchot is right on his estimate of the lumber, then there is not enough lumber in the United States to last over a generation?

Mr. HINES. I heard twenty-five years ago that in twenty-five years we would not have any timber in the United States; but to-day, apparently, the figures are just as large as they were at that period.

Mr. CLARK. But then it was guesswork, and now it is the scientific work of this administration.

Mr. HINES. I do not think any figure has been prepared based upon reliable statistics.

Mr. CLARK. If Pinchot is right, and there is only fourteen hundred billion feet in the United States, and you cut forty billion a year, it will last a little over thirty years; will it not?

Mr. HINES. I think that on the basis of cutting forty billion a year there is a great deal more than fourteen hundred billion feet of timber in the United States.

Mr. CLARK. What makes you cut saplings up there? Why do you not let them grow?

Mr. HINES. They could not grow.

Mr. CLARK. They could not?

Mr. HINES. No.

Mr. CLARK. For what reason?

Mr. HINES. The fire the next year would burn them down or they would blow down.

Mr. CLARK. The legislature ought to pass a law compelling you to burn the tree tops up.

Mr. HINES. That would not interfere with these saplings being blown down.

Mr. CLARK. I know; but while it would not interfere with the wind blowing down the saplings, that destruction must be a very small per cent of the amount that is destroyed by these careless fires. What was the total consumption of timber for all purposes in the United States in 1907?

Mr. HINES. The amount cut was about forty billions, and the consumption would be approximately 75 per cent of that amount.

Mr. CLARK. Why, the Forestry Bureau estimates it at 150,000,000,000 feet.

Mr. HINES. Well, here are the figures as close as we can get them, showing the amount produced in 1907 as 40,000,000,000 feet.

Mr. CLARK. That was the amount that was cut into lumber?

Mr. HINES. Yes.

Mr. CLARK. You do not think the United States has an inexhaustible supply of timber, do you?

Mr. HINES. No; I would not say it was inexhaustible; but based on the amount we are cutting to-day I think we have many more years ahead of us than the report there shows.

Mr. CLARK. Instead of this business of planting trees, why not try to save some that we have by letting in this Canadian lumber? And if they want to denude their forests, why not let them go?

Mr. HINES. One illustration that I can give you is, I think, a reasonably good answer to your question. The fact that in Canada on 500,000,000 feet we pay \$300 a year tax, while on the same quantity in this country we pay about \$90,000 a year tax, makes it impossible to hold that timber in this country and pay that amount of taxes per annum. In a very few years it would be too costly to be sold.

Mr. CLARK. Is the lumber output, if you want to call it that, greater in the United States now than it was, for instance, in 1897?

Mr. HINES. No, sir.

Mr. CLARK. Is it smaller?

Mr. HINES. It must necessarily be smaller by the amount that is cut.

Mr. CLARK. You have spoken about freight rates to St. Louis. Why do they not raft that lumber down to St. Louis, as they used to do years ago?

Mr. HINES. Where? Down the Mississippi River?

Mr. CLARK. No; why do they not raft it down from Minnesota and Wisconsin and that country up there, where they had this white pine?

Mr. HINES. Because they found it more profitable to build mills nearer to the stumpage, and to save the off haul.

Mr. CLARK. Can they not raft the lumber down as well as the logs?

Mr. HINES. It has not been found as practical as shipping it by cars direct.

Mr. CLARK. It is surely cheaper, is it not?

Mr. HINES. That is quite a question, about its being cheaper.

Mr. CLARK. You speak of Kansas City being the standard of this yellow-pine industry. As a matter of fact, Kansas City is closer to the yellow pine itself than any other place north of the extreme southern cities, is it not?

Mr. HINES. Yes, sir.

Mr. CLARK. It is closer than St. Louis?

Mr. HINES. Yes, sir.

Mr. CLARK. And that is the reason it is cheaper in Kansas City than it is in St. Louis, naturally?

Mr. HINES. Why, naturally the freight rates are less, and therefore the delivered price is less.

Mr. CLARK. What element do you say has caused this increase of \$10 a thousand on lumber in the last ten or twelve years? That is, counting 1906 as the maximum?

Mr. HINES. What particular kind of lumber are you referring to?

Mr. CLARK. I am referring to any sort that you use to put in houses.

Mr. HINES. I would not say that all kinds of lumber are \$10 a thousand higher.

Mr. CLARK. It has been testified here, I think, by a witness, that that was about the average up until the price of lumber began to fall.

Mr. HINES. I do not think that that question was thoroughly understood, then. They may have taken possibly the one item of white pine. Yellow pine certainly is not \$10 higher.

Mr. CLARK. Yellow pine never figured very much commercially until recently, did it?

Mr. HINES. Oh, yellow pine is used very largely in this country. Not right now, but at a comparatively recent time, yellow pine cut quite a big figure even in places as far south as Missouri. It has been largely used for the last five or ten years.

Mr. CLARK. The price of white pine has increased?

Mr. HINES. Oh, yes.

Mr. CLARK. What is the reason for that increased price of white pine?

Mr. HINES. Well, you have to go farther away for it. There is the question of greater railroad transportation and the question of a 100 per cent advance in labor in the woods alone in that period. That is one item.

Mr. CLARK. It goes back to the question of stumpage, does it not?

Mr. HINES. There is the one item of 100 per cent advance in labor in the woods and the question of supplies—corn, oats, and wheat. There is that item of 100 per cent. The great question in connection with lumber is the question of labor and supplies. It constitutes 75 per cent of the cost of lumber—not stumpage. There has been some advance in stumpage.

Mr. CLARK. If the labor cost and all the other costs that enter into what it finally costs you are as great in Canada as in the United States, what difference would it make to you whether the Canadian lumber came in free or came in with a tariff on it?

Mr. HINES. I just explained that to you. I explained that on a mill cutting 30,000,000 feet per year the tax here alone would be \$30,000 in excess of what it would be in Canada. That is \$3 as against \$10.

Mr. CLARK. You do not mean that anybody on earth taxes lumber in the tree at \$3 a thousand feet, do you?

Mr. HINES. I just gave you the absolute figures. We would be obliged to pay about \$90,000 taxes per annum—which would come to about \$3 a thousand—on a tract of 500,000,000 feet in Wisconsin. In Canada, on the same tract, the tax is \$300.

Mr. CLARK. That \$300 a thousand on lumber at the present rate, would be 25 or 30 per cent for taxation, would it not?

Mr. HINES. To tax the entire tract of 500,000,000 feet will add \$3 a thousand. They pay \$300.

Mr. CLARK. How much does that lumber sell for?

Mr. HINES. In Canada or in Wisconsin?

Mr. CLARK. No; I mean your lumber.

Mr. HINES. In Wisconsin?

Mr. CLARK. Yes.

Mr. HINES. Mill-run stock this year would average about \$18 at the mill.

Mr. CLARK. I think the impression that was left on the mind of every member of this committee that heard your statement was that the tax was \$3 a thousand on the lumber in the tree.

Mr. HINES. Not in the tree. I tried to say it very plainly, that the tax on the stumpage was on the basis of \$3 on the amount produced that year, or \$90,000.

Mr. CLARK. Are you not undertaking in your statement to load all of the taxation of all the timber land that you have cut on to your timber cut for a particular year?

Mr. HINES. No; each year takes care of its own particular tax.

Mr. CLARK. There is not a people under the sun who would stand a tax of \$3 on \$18 worth of stuff.

Mr. HINES. Those are the facts in Wisconsin and Minnesota. It is not theory. It is a fact, I am sorry to say.

Mr. CLARK. Do you want to be considered as saying that on \$18 worth of lumber you pay \$3 tax?

Mr. HINES. I absolutely want to make that statement.

Mr. CLARK. Well, I have no objection to it.

Mr. HINES. That on a basis of 500,000,000 feet of stumpage, with the plant cutting 3,000,000 a year, the tax will approximate \$3 a thousand per annum.

Mr. CLARK. How much is it on \$100—the tax you pay?

Mr. HINES. I figure it on a 3,000,000 proposition, at \$90,000.

The CHAIRMAN. Is that the rate of taxation in Wisconsin?

Mr. HINES. That is the average in Washburn, Washington, and Bayfield counties.

Mr. CLARK. It is a large amount.

Mr. HINES. It seems to be large, but it is the fact.

Mr. CLARK. What part of the production of your mills is this low-grade lumber, as you call it?

Mr. HINES. About 60 per cent.

Mr. CLARK. Is it not about one-fifth? Is it not 20 per cent instead of 60 per cent?

Mr. HINES. Oh, no. The kind that is used for boxes is about 60 per cent.

Mr. CLARK. What is the low-grade product of the Canadian mills? Is there any difference between the amount of the low-grade product in Canada and in the United States?

Mr. HINES. Not if they cut the lands clear; no.

Mr. CLARK. That is all I care to ask.

Mr. HILL. You are the largest distributors of lumber in the United States, are you not?

Mr. HINES. I think we are; yes.

Mr. HILL. And in naming your prices have you taken into consideration at all the spruce from the eastern provinces and Maine and along the Atlantic coast?

Mr. HINES. We do not strike the Atlantic coast.

Mr. HILL. In making your prices you do not take into consideration the distribution of North Carolina, on the Atlantic coast?

Mr. HINES. No.

Mr. HILL. You say that the price of lumber has not increased as rapidly as the price of farm products. You must base your estimate on your immediate vicinity, about your point of distribution, and not as covering the whole United States?

Mr. HINES. I aimed to base it on my own knowledge of our particular territory.

Mr. HILL. If the fact is different, it would alter your view as to the question of retaining the duty of \$2 on lumber, would it not?

Mr. HINES. It would depend somewhat on what the general situation might be.

Mr. HILL. I will read a statement or two from the United States statistics, given by the Bureau of Labor this year on that subject, and then will ask you a question: The advance in the price of farm products. Taking the average prices from 1890 to 1900 as the basis, at 100 per cent, the average price increase of farm products in 1907 was 37.1 per cent; in food products, 17.8 per cent; in clothing and cloth, 26.7 per cent; in fuel and lighting, 35 per cent; in metals and implements (much of which you use in manufacturing lumber), 43.4 per cent; in drugs and chemicals, 109.6 per cent; in house-furnishing goods, 18.5 per cent; in miscellaneous articles, 27.1 per cent; and the average for the whole of that, leaving out lumber, is 29.6 per cent. And the increase in the price of lumber for the same period was 46.9 per cent higher than the highest item and about 20 per cent higher than the whole of them.

Mr. HINES. Is that the price of lumber at any particular place?

Mr. HILL. I am giving you the price as stated—just as it states the other items—covering the entire United States, prepared and pub-

lished by the Bureau of Statistics this year. They will very gladly furnish you with information on that subject.

Mr. HINES. Is it also stated in regard to whether that is simply the price of the manufactured product, or the net stumpage?

Mr. HILL. Lumber and building materials is the item, and I have read the other items. Does that affect your statement at all?

Mr. HINES. No; for in this article I am not quite clear whether that is an advance in net stumpage or whether it is the lumber in the finished product.

Mr. HILL. It is lumber and building materials. Stumpage would not be building material.

Mr. HINES. If it is, I offer this explanation: I just stated that there was the question of the payment of labor in the woods, which in that period has increased 100 per cent. That would necessarily increase the price of lumber, but it would not necessarily increase the price of the net stumpage.

Mr. HILL. It would not increase the cost of the other things that you stated had advanced far more than the lumber had—iron, steel, and things of that kind. And belting, I think you said.

Mr. HINES. Yes.

Mr. HILL. And clothing, etc. Lumber having advanced far beyond all of these items—being the highest advance of any—would that affect your views as to the advisability or nonadvisability of lowering or taking off the duty on lumber?

Mr. HINES. It would not. I would think still that lumber should have protection, because labor cuts a tremendous figure in the price of the lumber—about 75 per cent.

Mr. FORDNEY. I would like to ask you this: If the duty on lumber is taken off, what, in your judgment, would be the effect on the price of lumber in this country?

Mr. HINES. I think it would give an opening for Canada, for its tremendous amount of low-grade lumber. Our low-grade lumber here can not stand the greater cost of transportation. In Canada they export largely their good lumber to England, and it leaves a large amount of low-grade lumber to find a market in this country, which would come in direct competition with ours. It would compel us to either leave in our woods a large amount of stock which we could not afford to take out, or else—

Mr. FORDNEY. You would be obliged to leave that cull stuff in the woods?

Mr. HINES. Yes.

Mr. FORDNEY. You own some timber in Canada, do you not?

Mr. HINES. Yes, sir.

Mr. FORDNEY. Right in the face of that, I want to say that you are a fair fellow. You are the first man who has appeared before the committee, who owns Canadian stumpage, who does not want the duty removed from lumber.

Mr. HINES. Thank you. We want to be fair.

Mr. FORDNEY. The gentleman from Missouri asked you why you did not raft the lumber down the Mississippi River, as was done many years ago. If you attempted to raft it down the river—kiln-dried lumber—it would be apt to absorb some of the moisture, would it not?

Mr. HINES. It certainly would. It would not be in condition for the market after it arrived at its destination.

Mr. FORDNEY. It is impossible to do it, under the conditions now?

Mr. HINES. It is.

Mr. FORDNEY. That could not be done any more, could it?

Mr. HINES. No; it has been given up.

Mr. HILL. Twenty-five years ago Clinton, Iowa, was a large manufacturing point?

Mr. HINES. Yes.

Mr. HILL. W. J. Young, and Mr. Lamb, and others——

Mr. HINES. Yes; I know of them.

Mr. HILL. That has all disappeared?

Mr. HINES. Yes.

Mr. HILL. Why is that?

Mr. HINES. The same interests put their money into mills that were nearer to the point of the timber in order to cheapen the cost of transportation.

Mr. HILL. Could not that cheaper transportation be obtained by floating the logs?

Mr. HINES. Well, there would be the loss of the logs and the deterioration of the sap, etc.

Mr. HILL. I know a man who, some years ago, bought from Mr. Harvey, in Chicago, four carloads of 12, 14, and 16 foot beveled siding, absolutely clear, at \$24 a thousand. Can it be produced now at all?

Mr. HINES. Yes; we would be glad to furnish it at that price. Where was that delivered at \$24?

Mr. HILL. That was in New England.

Mr. HINES. The freight to New England is about 35 cents. It would cost about \$2.50 a thousand to deliver it, and our price to-day at the same place would be \$28 or \$29 a thousand.

Mr. CLARK. If you really wanted to furnish lumber cheap to the man who builds houses—the small fellow—you would raft this lumber down the Mississippi River in the rough and then finish it at St. Louis or at some point of distribution down there, would you not?

Mr. HINES. No; I would not.

Mr. CLARK. What is all this hullabaloo for, then, about cheap water transportation?

Mr. HINES. Because, in the first place, in shipping that for immediate use in the houses I would dress it at the point where it is shipped, in order to save the freight rate. Lumber that is dressed pays one-third of the freight rate that undressed lumber pays.

Mr. CLARK. Now, this immense amount of land that is owned by Mr. Weyerhaeuser and his partners, including yourself——

Mr. HINES. I would like to say that I have no interest in the Weyerhaeuser company.

Mr. CLARK. I thought you stated a while ago that you were connected with Mr. Weyerhaeuser.

Mr. HINES. He is a stockholder in my company, but I am not necessarily a stockholder in many of the interests that he has at all.

Mr. CLARK. That is, if Mr. Weyerhaeuser is a stockholder in one of your companies, that is different from your being a stockholder in one of his?

Mr. HINES. Unfortunately for me, it is. [Laughter.]

Mr. CLARK. Do you know whether Mr. Weyerhæuser bought 5,000,000 acres of the land that those interests have at \$5 and \$6 an acre?

Mr. HINES. They bought a large tract of timber from the Northern Pacific in 1898, but what the price was I do not know.

Mr. CLARK. Did you ever hear what the price was?

Mr. HINES. I do not think so.

Mr. CLARK. Has it not always been understood among lumbermen that he got a remarkable bargain by buying at \$5 and \$6 an acre?

Mr. HINES. I would like to say that at that time they had been trying to sell that land for a long period. At that time it did not seem to be remarkable; but since lumber has advanced, of course, it seems to have been a better trade.

Mr. CLARK. Was it not such a remarkable bargain that there was much newspaper talk of there being something crooked in the way he came to make the bargain?

Mr. HINES. I never heard anything of that kind.

Mr. CLARK. How much lumber is there on an acre, just roughly? I do not expect you to know exactly, or anybody else; but how much lumber is there, roughly, on an acre of this Weyerhæuser timber land in Oregon, Washington, and Idaho?

Mr. HINES. I think it runs all the way from twenty to fifty thousand to the acre, in a general way.

Mr. CLARK. And the stumpage on it is how much now?

Mr. HINES. The stumpage would be all the way to-day from 50 cents to \$1.50.

Mr. CLARK. Is not the stumpage \$3 a thousand?

Mr. HINES. Oh, no; that is a mistaken idea entirely.

Mr. CLARK. Do you suppose that you could manage to sell some at 50 cents stumpage?

Mr. HINES. I know we have been offered within a year some of the Oregon stumpage at those figures.

Mr. CLARK. But that is away off where you can not get to it, is it not?

Mr. HINES. No. The tract of the Weyerhæuser people in some places is off miles and miles from a railroad.

Mr. BOUTELL. Now, on this very important question of preserving our forests, I would like to ask whether the natural supply of lumber for Canada is not the United States, and is not the natural supply for the United States Canada? In other words, if there was not a stick of lumber growing in Canada to-day, would not its natural source of supply be the United States?

Mr. HINES. Oh, yes.

Mr. BOUTELL. And if there was not a stick of lumber growing in the United States, its natural source of supply would be Canada?

Mr. HINES. Certainly.

Mr. BOUTELL. In reference to preserving the forests, then, must we not take the stumpage of Canada and the stumpage of the United States as an entirety?

Mr. HINES. That would be the broad way of looking at it. I think so.

Mr. BOUTELL. Mr. Clark, in questioning you on this point, evidently with the view that the tariff was helping to preserve the

United States forests, used this expression: "If Canada wishes to denude her forests, why let it go." Now, if Canada completely denuded her forests for the benefit of Canada and the United States, then Canada in turn would draw all her lumber supply from the United States?

Mr. HINES. Yes; and deplete our country.

Mr. BOUTELL. So that, looking ahead, taking a broad view for the future generations, which this preservation of forests contemplates, is it material whether we denude all of the Canadian forests first, and then denude all of the United States forests, or whether we denude them both separately?

Mr. HINES. I think the latter plan would be the more advantageous.

Mr. BOUTELL. So that these gentlemen who are interested in the preserving of the forests must treat the Canadian and the United States forests as an entirety, and conceive some scheme more far-reaching than the tariff for reforestation?

Mr. HINES. Yes, sir.

Mr. BOUTELL. And for replanting, as they have in France, as the trees are destroyed? Is not that true?

Mr. HINES. I think that is the broad way of looking at the question.

Mr. BOUTELL. The whole forests of the United States and Canada must be taken as an entirety?

Mr. HINES. Yes, sir.

Mr. CLARK. Has not the Forestry Division of the Agricultural Department been trying to drive the people in that part of the country into burning this surface stuff in some careful and scientific way to prevent the destruction of the sapling growth that we have been talking about?

Mr. HINES. The lumbermen themselves are careful of the balance of their timber. Those who have the interest of the timber at heart naturally try to preserve it by attending to the burning themselves at certain times of the year, but a great many farmers up in that country who want to clear land will set fire to the timber.

Mr. CLARK. You do not undertake to say that a farmer up there will set fire to timber as valuable as the timber you have been testifying about here, do you?

Mr. HINES. Oh, no; but you spoke about the small saplings and timber of that kind. The farmers place more value on the land for farming than that small stuff amounts to. They go ahead at certain dry times and they endeavor to burn it off. Those fires sometimes catch on to other districts, and that is what causes the fires such as we have had.

Mr. CLARK. You have scalped that place so clean that in what was originally the finest white-pine region in the world you can travel miles and not see enough trees to remind you that there ever was a pine forest there.

Mr. HINES. But in all those districts there are the most beautiful farms in the country. You would not see a tree on them. They have been removed.

Mr. CLARK. You cut saplings now that only make strips 4 inches wide, do you not?

Mr. HINES. We do not cut timber that only makes 4-inch strips. The strips are about 6 inches.

Mr. RANDELL. I understood you to say, in answer to a question put by the gentleman from Alabama, that the question of competition would not reach below Kansas City, with reference to the lumber trade in the Southwest. You do not mean to say that the people who have to build the houses on the farms, on the prairies of the Southwest, would be able to do so as cheaply with the tariff off as they would with the tariff on, do you?

Mr. HINES. Yes; I do.

Mr. RANDELL. In other words, if we have a \$2 tariff, they can build just as cheaply as if we did not have that tariff?

Mr. HINES. In that locality, yes; because the cost of transporting the lumber from Canada to Texas, Missouri, and Kansas would be so great that it would not affect the matter and make cheaper lumber there.

Mr. RANDELL. Do you not know that, not having a tariff, the highest point that the lumbermen could put their prices would be \$2 lower than with the tariff?

Mr. HINES. I am basing my calculations on the present prices of lumber. I say if the duty was taken off to-day, with the present price of yellow pine, they could not afford to ship from Canada to Kansas or Texas for consumption, because the present price of yellow pine is so low in Texas, Missouri, and Kansas, and all that territory, that they could not compete with it.

Mr. RANDELL. Is there reason to believe that the price will not be raised?

Mr. HINES. Oh, of course some conditions may come up—

Mr. RANDELL. Do you not expect it to be raised very shortly, especially if the tariff is left? Do you not expect it to be very much higher?

Mr. HINES. I do not, for this reason. Of course this is in my own judgment, simply. I think there are so many mills in the States of Texas, Louisiana, Missouri, and Mississippi that to-day the production far exceeds the demand in that territory.

Mr. RANDELL. You said there were 28,000—

Mr. HINES. Mills.

Mr. RANDELL. In the United States. You do not mean that each mill has a separate owner, do you?

Mr. HINES. Yes; very largely. I should say that in 80 per cent of the cases they are owned separately and are entirely separate interests, no one mill having any interest in the others.

Mr. RANDELL. If you had to build farmhouses and farms, in building up the prairies of the Southwest, you would just as soon do that with the tariff as without the tariff, would you not—if you had to do it in the next twenty-five years? Would you do it as cheaply with the tariff as without it?

Mr. HINES. If I lived in Kansas, I think I would say yes, for this reason: The present manufacturers in this country being the largest buyers of farm products, if the lumber interest of this country is to go to Canada, you take away from here a tremendous buying power from those very same farmers. For that reason, if I were living in

that territory, I would rather have a duty on it and have the lumber business, under that condition, than to have it taken away.

Mr. RANDELL. That is on account of your lumbermen eating so much Kansas corn?

Mr. HINES. Well, they have the horse question, and feed, and everything the farm produces.

Mr. RANDELL. You do not think there would be any limit to the price by taking the tariff off? That would not help to limit the price of lumber on the prairies of the Southwest?

Mr. HINES. I do not think it would affect the prairies of the Southwest at all. It would affect them in Illinois, Pennsylvania, and probably New York and some of the other larger places. It would not affect the Southwest at all. That is my judgment.

Mr. UNDERWOOD. In other words, your idea is that in coal, and to some extent in raw iron ore, lumber, and the heavy materials, there is a zone in which the freight rate limits the sale?

Mr. HINES. Yes.

Mr. UNDERWOOD. And outside of that zone nothing that happens affects it?

Mr. HINES. No; but the zone very largely affects it.

Mr. UNDERWOOD. But where this question would be vital would be the zone that strikes through Kansas City, Kentucky, and Pittsburgh—

Mr. HINES. I should say that the zone would be from the Mississippi River on the west and the Ohio River on the south to the Atlantic coast and the Great Lakes on the north.

Mr. UNDERWOOD. That is the zone in which this problem comes up?

Mr. HINES. That is the great market.

Mr. RANDELL. Do you mean to say that if you were the man who furnished the lumber to west Texas, if you were the producer of that lumber, you would just as soon have the tariff off as on?

Mr. HINES. No; I do not. On the contrary.

Mr. RANDELL. If you were the consumer of the lumber, would you not rather have it off than on?

Mr. HINES. I will answer that in this way: All of the lumber that is produced in Texas is not used there. Some of it is used in Chicago.

Mr. RANDELL. Please do not misunderstand me. I am talking about the consumer of lumber, who builds the farmhouses, dwellings, and outhouses on the prairies of west Texas—the consumer.

Mr. HINES. The producer of that lumber sells only a part of the lumber in Texas. The balance is sold as far north as Chicago, and as far east, probably, as Buffalo. You can see cars of lumber in Buffalo and New York every day coming from Texas.

Mr. RANDELL. If lumber can be sent to Buffalo from Texas, why can not lumber from Michigan be sent to Texas?

Mr. HINES. Because the transportation from Canada to Texas is so much higher, proportionately.

Mr. RANDELL. It is a down-hill pull all the way on the Mississippi River—unless the water runs up-hill.

Mr. HINES. The railroad company does not regulate its rates by "downhill" or "uphill." The rates are regulated by distance.

Mr. RANDELL. Do you mean that we have not as fair a rate?

Mr. HINES. I would not put it in that way.

Mr. RANDELL. Suppose we did have a fair rate. Then you, as a lumber producer, would just as soon have the tariff off as on, would you?

Mr. HINES. Oh, no.

Mr. RANDELL. Then, as a lumber consumer, would you just as soon have it on or off? Which would you prefer?

Mr. HINES. I would prefer in both cases, in all fairness to the farmer in Kansas—

Mr. RANDELL. I am talking about west Texas.

Mr. HINES. I would prefer the duty on, on this article.

Mr. RANDELL. Both ways?

Mr. HINES. Absolutely.

STATEMENT OF MR. J. A. BROWN, OF NORTH CAROLINA.

Mr. BROWN. Mr. Chairman, I am here, first, as a manufacturer; and I am also representing 2,300 mills in North and South Carolina and Virginia, manufacturing principally what is known as short-leaf pine, or North Carolina pine. The condition that has confronted the manufacturers in that section of the country for the last twelve months has been a deplorable one. Fifty per cent of the mills have been closed down, because they could not operate profitably. Ninety per cent of the output of those mills goes into the Eastern or Middle States' market—into Maryland, Pennsylvania, New York, and the different New England States.

We come directly into competition with the Canadian lumber in the western part of Pennsylvania and New York State, and that is the only thing we fear at all from the Canadian lumber, if the tariff is removed.

I have heard a great deal of discussion here to-day about the tariff, and its effect on the farmer and the lumberman. If I understand the tariff, it affects the man in the West as well as the man in the South or East. It does not make any difference what part of the country it is in.

Now, when we commence figuring on the cost of lumber as compared with ten years ago, I will say that I got lumber and put it on the cars at that time for \$7.50 and \$8 a thousand, rough yellow pine. The same lumber to-day brings about \$14 a thousand.

Now, I want you to note the difference in the conditions and the cost of the product. I bought stumpage then at 25 cents per thousand, and I hired a negro for from 50 to 60 cents a day to operate the mill, and I bought my corn from Missouri and the other Western States at 59 cents a bushel, and I bought my hay for \$12 a ton. To-day I pay the same negro laborer \$1 to \$1.25 and \$1.50 per day, and we are paying \$1 per bushel for corn, and from \$1.50 to \$2.50 for stumpage. So that it is costing us more than double to produce that lumber to-day what it did ten years ago; but we are not getting double the price for it.

Here is another condition that obtains there. In 1894, it is a remarkable fact that between Norfolk, Va., and Charleston, S. C., on the inland railroads, away from water transportation, where they were obliged to run down all the way and ship their product by water, there were but two mills in that distance of 400 miles between

Norfolk, Va., and Charleston, S. C. That was under the former conditions. To-day we have under the conditions that have existed for the last five years 2,300 mills in operation, employing 115,000 operatives; and dependent upon the lumber industry in those States are at least 600,000 people—50 per cent of whom have been out of employment for the last six months, because 50 per cent of the mills have been closed down and unable to operate.

I have heard a good bit about the question of a trust, and I happened to be a member and vice-president of the North Carolina Pine Association when the Government sent some secret service men into that territory to investigate and find out if we were not in a trust—and it frightened some of our members nearly to death. [Laughter.] Now, I do not know how you are going to call 2,300 little mills a trust, many of whom do not know how many mills there are in existence, with no ownership in common, and nothing in common, and the mills buying their products one from the other, sometimes at profitable prices. I have run my planing mill from the products of six other mills, three of which I have no interest in whatever. I simply buy their products—buying from members of the North Carolina Pine Association. I state this to remove forever any idea of any lumber trust. I do know that there has been a good deal of agitation all over the country about a lumber trust, and a great many people believe that such a thing does exist. I really think that they conscientiously believe that we have sat down and dictated the price at which lumber is sold all over this country.

It is not hard for a practical lumberman, or for anyone else, to understand why lumber is higher now than it has been. I have operated and cut lumber at \$6.50 and \$7 and \$8 a thousand. Then we rolled the lumber right up to the side of a new railroad and sawed it and put it on the cars.

But that entire matter has changed throughout the South, as far as my knowledge extends. In other words, the lumber on the new railroads that have been built has been exhausted, and we have numbers of little mills to-day that are hauling the lumber on wagons for 6 miles to transportation.

On the question of protection, I take the broad stand that if tile and brick and steel and cement are protected, as they are from 30 to 60 per cent, the companion article entering into the very same building should be also protected, under the general principle of protection. I do not know why lumber should be singled out and the duty on that placed at 10 per cent when the companion article of cement is protected at 32 per cent. I do not know why lumber should be protected only 10 per cent when the grain of the West is protected 20 or 25 per cent, when it enters into our cost of production. I take the stand that if this country is to have a settled policy of protection, and we are going to have a protective tariff, I do not understand why the lumbermen should not enjoy a protective tariff as well as the steel manufacturer of Pennsylvania or any other point.

As far as the profit in the lumber business in the last twelve months is concerned, I asked one of the most eminent bankers the evening I left home how many lumber mills in the territory in which he dealt had failed in the last six months, and he answered, "25 per cent."

I know of a number of large mills in that territory now that are in the hands of a receiver, and have been for twelve months. I

could name several of the mills the managers of which have told me that they have operated for at least six years and have never paid but one dividend, even under the prosperous conditions that we have had.

Mr. CRUMPACKER. If the tariff had been \$6 a thousand on lumber, there would have been substantially the same percentage of failures during the last year, would there not?

Mr. BROWN. I think so.

Mr. CRUMPACKER. So that the hard times now in the lumber business is in no sense attributable to the question of competition or tariff?

Mr. BROWN. I do not think it has been for the last twelve months; no.

Mr. CRUMPACKER. So that that argument would seem to me to have little bearing on this question.

Mr. BROWN. But they operated the year before, and should have made sufficient profit to have bridged over one bad year.

Mr. CRUMPACKER. Yes.

Mr. BROWN. Therefore their profits in the lumber business in that section have not been as great as the public generally supposes, because any man who operated the year before at a large profit should certainly be able to take care of a bad year, such as we have just gone through. Therefore it does have a bearing.

Mr. CLARK. What makes you pick out the worst year there has been since the Dingley bill was enacted to make your comparison?

Mr. BROWN. I am going back to the year when we were——

Mr. CLARK. You had identically the same Dingley rates when you were flourishing that you have now when you are in the hole?

Mr. BROWN. The lumber business has been gradually improving in our section of the country for the past ten years.

Mr. CLARK. I say, you had the same Dingley rates when you were flourishing in the last ten years that you have now when you are in the hole?

Mr. BROWN. That is true.

Mr. CLARK. If that is true, then the Dingley rate did not make the prosperity, unless it also got you in the hole, did it?

Mr. BROWN. There has been an overproduction of lumber for the last twelve months as compared with the demand.

Mr. CLARK. Do you expect Congress to pass a law to keep you making money when you have an overproduction of lumber?

Mr. BROWN. No, sir; but on the other hand——

Mr. CLARK. Now, the trouble about the whole thing is that when you first started in this sawmill business down on the lines of those railroads the trees were standing right along the right of way, and right next to it, and it cost nothing to get to it, and you made immense profits.

Mr. BROWN. No; I did not say that, because lumber was lower at that time and we did not make as much profit as we have made since.

Mr. CLARK. You never did make any profit in the ten years?

Mr. BROWN. Not at that period that you speak of.

Mr. CLARK. I am talking about this ten-year period.

Mr. BROWN. The timber was removed in our section long before the time of the advanced prices, and therefore we did not get the profit.

Mr. CLARK. But when you started in, the trees grew so close to the railroad that the transportation of the logs cost you practically

nothing. You have cut out all that timber close to the railroads, and now you have to do like other people. You have to haul the logs from a distance, like the people haul them out in Missouri.

Mr. BROWN. That is true.

Mr. CLARK. And you want the law now fixed so that it will make the same kind of conditions for you that you had when the railroads and the timber were right together?

Mr. BROWN. If we did not make money then, with the extremely low price, and the demand for lumber as low as it was at that time, then our opportunity for making it has gone.

Mr. CLARK. I understand your argument to be this: Because the steel trust gets an enormous tariff, and these other things that are used in your business get a very large tariff, that you want to be marked up with them?

Mr. BROWN. I am speaking of the principle of protection. If you are going to have protection, I say that one article should not stand alone.

Mr. CLARK. How would it be to mark them down with you?

Mr. BROWN. I have no objection to marking them down. I say emphatically that if it is the policy of this Government to go to free-trade conditions, if you put wheat and corn and other commodities on the free list, then lumber asks nothing, absolutely.

Mr. CLARK. Do you think that \$2 a thousand on lumber is free trade?

Mr. BROWN. No, sir.

Mr. CLARK. How do you come to be talking about free trade, then?

Mr. BROWN. We do not want to have the \$2 taken off.

Mr. CLARK. Suppose we took \$1 off? How would that strike you?

Mr. BROWN. I think it would let in a lot of low-grade Canadian lumber.

Mr. CLARK. How much do you say you pay for Missouri corn now?

Mr. BROWN. The corn costs us \$1 a bushel.

Mr. CLARK. How much is the freight rate on a bushel of corn from St. Louis to where you live?

Mr. BROWN. I do not know. From Chicago to my point is 23 cents. I remember that.

Mr. CLARK. You can buy all the corn you want in Chicago for 64 cents a bushel, or in St. Louis, either, and 23 cents added to that would make 87 cents. If you are paying \$1 for Missouri corn or Illinois corn somebody is gouging you to the extent of 13 cents a bushel.

Mr. BROWN. The rate of 23 cents is to our seaboard. We have to add to that the cost of transportation to our point, and the cost of brokerage, which brings it up to \$1.

Mr. CLARK. That is where the retailer comes in and skins the lumberman.

Mr. BROWN. I do not suppose that he could sell without some profit—say, 5 cents a bushel.

Mr. CLARK. Do you believe that this bogus tariff of 15 cents a bushel on corn ever put up the price of a bushel of American corn?

Mr. BROWN. Not that specific tariff; no. But I will tell you what I do find. I live at a point from which is shipped the largest quantity of strawberries in the world. Now, they ship to Pittsburg. The minute there is a depression in the iron market our people get

to running around almost crazy to know where they can dispose of them, because Pittsburg's labor is not employed.

Mr. CLARK. That is not what I asked you.

Mr. BROWN. I am explaining. I am trying to explain what you did ask. I believe that if that labor there was put down to the same starvation point, they would not be able to buy those strawberries.

Mr. CLARK. The secret of this collapse in the lumber business is that you have been speculating in the yellow pine until you got the price of yellow pine in the tree up above where it ought to have been.

Mr. BROWN. I think the stumpage is too high.

Mr. CLARK. And it grows out of the wild speculation that has taken place within the last three or four years.

Mr. BROWN. I do not own 5,000,000 feet of stumpage. I go out in the open market and buy the rough product and finish it. Yet last year I ran my mill without any profit—in fact, at a small loss. The other man is cutting the lumber at a starvation price.

Mr. CLARK. But that grew out of the collapse of business, or whatever you call it, that came under this blessed Dingley bill.

Mr. BROWN. That is true. Now, I do not want it to continue. That is all there is about it.

Mr. CLARK. But it came about under that bill. What do you want? Do you want an increase on lumber?

Mr. BROWN. I would rather have it increased if I have got to pay a high tariff on some other articles. I believe in the revision of the tariff.

Mr. CLARK. Do you believe in revising it up or down?

Mr. BROWN. The lower articles might be raised and the higher ones lowered. That is a question, I think, for you gentlemen to go into on the merits.

Mr. CLARK. That is what we are trying to do, but we can not take up but one schedule at a time.

Mr. BROWN. We can not get away from the fact that if this country has protection all articles are affected by it.

Mr. CLARK. You are in favor of raising the tariff, then?

Mr. BROWN. If I were going to revise and write the bill I should lower a great many of the schedules, I am frank to say.

Mr. CLARK. I am glad to hear that.

Mr. BROWN. For instance, I would like to have leather as cheap as I can get it to belt my mill. If a man were going to write it for his personal benefit he would make that provision.

Mr. CLARK. Do you know of any way to get leather cheaper? I will help you with that.

Mr. BROWN. I unquestionably think—I do not know what the tariff on that is—

Mr. CLARK. It is pretty high on leather and all leather products, and on hides.

The CHAIRMAN. The duty on leather is 20 per cent ad valorem. I think.

Mr. CLARK. The New England manufacturers that sell you this leather belting want the hides free, but they will not agree with me and with you and other people to take the tariff off of leather or cut it down to a reasonable price so that all can have a fair deal.

Mr. BROWN. You western men—I do not know whether you would personally, I will not say that, but I know that the average western farmer would seriously object to taking the duty off of hides.

Mr. CLARK. He would not object if you took it off of leather and leather products.

Mr. BROWN. Well, I should reduce it to a 10 per cent basis. I should reduce the higher articles, and when they were extremely low I would try to put them on as fair a footing with the other as possible. I would equalize it as near as possible; but I would not be willing personally, if I had the power, to strike the tariff off of every commodity in this country.

Mr. CLARK. Nobody wants to do that. That is, I have not heard of anybody that did.

Mr. BOUTELL. The people of North Carolina would not be anxious to have the tariff on furniture reduced, would they?

Mr. BROWN (to Mr. Clark). I understand they are asking that the \$2 on lumber be taken off. Am I correct?

Mr. CLARK. Some ask that and some ask to put it at \$1. We are trying to find out the facts so as to be fair and just in readjusting this tariff.

Mr. BROWN. If I were going to take a companion article, such as steel, iron, or cement, I would put the tariff on lumber up and reduce the others, and thus put them on a parity.

Mr. CLARK. Then you would cut down the tariff on leather and everything you use in manufacturing your lumber, would you not?

Mr. BROWN. Certainly, if I was going to do it for my own personal benefit; but if it is to be done for the country at large I would give consideration to all articles and reduce those that are extremely high.

Mr. CLARK. It is a universal grab game. [Laughter.]

Mr. BROWN. That is about the size of it. But that is the policy on which we have built this country up. I do not know whether I would call it a "grab game" or not, but you can not have one article protected and another not protected.

Mr. CLARK. You are right about that.

Mr. BROWN. If we are going to have protection, let us have it on lumber. That is my position.

Mr. CLARK. If you can induce the cement men and the rest of them to bring it down to where you are, then we might consider it.

Mr. BROWN. Then I can not see yet why lumber should be singled out and why you should take off the \$2 which they are asking to have taken off.

Mr. CLARK. It is because the people have to build houses. They can not get along without them.

Mr. BROWN. They have to build houses out of concrete and steel and other materials, too.

Mr. CLARK. And they will build them out of concrete if the price of lumber does not go down.

Mr. BROWN. Well, we hope they will.

Mr. FORDNEY. If the tariff is a "grab game," the lumberman got the poorest "grab" in the bag, did he?

Mr. BROWN. That is what we have found to be the case recently.

Mr. BOUTELL. The people of North Carolina would not be anxious to reduce the tariff on furniture of low grades, would they?

Mr. BROWN. No; but if we are going to have protection we want it for every part of the country.

Mr. BOUTELL. Right in that line, we are going to raise \$300,000,000 on imports. We can not do that without affecting the domestic industries—

Mr. BROWN. No.

Mr. BOUTELL. Without protecting them.

The CHAIRMAN. Certainly we can. We can raise \$300,000,000 without protecting anything.

Mr. BOUTELL. Well, we are not going to.

The CHAIRMAN. Except Porto Rican coffee.

Mr. BOUTELL. The plan is to do the maximum amount of good and the minimum amount of evil.

Mr. BROWN. Unquestionably; I think so.

The CHAIRMAN. The duty on leather is 20 per cent ad valorem, and the duty on lumber is \$2 a thousand, specific, which amounts to about 12 per cent. It was 21 per cent ten years ago, but it amounts to about 12 per cent now—perhaps a little more this year. Now, as a matter of fact, the ad valorem duty on leather and the specific duty of \$2 on lumber equal an ad valorem of 12 per cent. Probably there is not a very great deal of difference because of the undervaluation on leather. The duty of 20 per cent probably is not worth much more than 12 per cent actually; so you are rather unfortunate in picking out your specification about the "grab game."

Mr. BROWN. I said, if I were going to make the tariff for my own special benefit, I would do that. I qualified it in that way. I said, if I were going to make the tariff for my own benefit and my own section alone, I would pick out the things we used, and take all the tariff off; but that I thought this committee was making the tariff for the country at large, and they could not pursue that course.

The CHAIRMAN. We are getting information, to see what we shall do.

Mr. BROWN. Certainly. I understand that.

Mr. UNDERWOOD. Let me ask you a question. You are a southern business man, and I would like to hear your view. Where an industry in this country is able to compete and to control the market against foreign competition, it must be in a pretty live condition, must it not?

Mr. BROWN. I should say so; yes, sir.

Mr. UNDERWOOD. Where an industry in this country has driven foreign competition out to such an extent that the foreign competition only amounts to a third of the market, it is pretty well controlling the market and fixing the prices, is it not?

Mr. BROWN. It would appear so upon its face; yes, sir.

Mr. UNDERWOOD. Then, in revising a tariff bill, where the tax now is prohibitive, is not that a good point to start to reduce, until you get down to where at least one-third of the market is showing some effect—as long as you control two-thirds of the market?

Mr. BROWN. Where the tariff is absolutely prohibitive, and where there is a complete control of the product, if you are going to start on any to reduce, that should be the one to start on.

Mr. UNDERWOOD. That is not only a revenue tariff and a protective tariff, but a monopolistic tariff.

Mr. BROWN. Certainly; but we think lumber is at the foot of the list. And yet these gentlemen come and ask us to remove the 10 per cent we have here now. That is what we are objecting to.

Mr. UNDERWOOD. Your ad valorem rate is now about 11 or 12 per cent on lumber, is it not?

Mr. BROWN. Yes, sir.

Mr. CLARK. The secret of your trouble about the furniture business is that the panic stopped the buying of furniture, practically?

Mr. BROWN. Yes.

Mr. CLARK. Now, you say there is no trust. If that is true, how did it happen that the Government got it into its head that there was a trust, and started out to hunt for it?

Mr. BROWN. I do not know. I could not tell you that.

Mr. CLARK. How many different mills did you say there were in the United States; or did you state that?

Mr. BROWN. There are 28,000 in the United States, I think. I did not state it.

Mr. CLARK. Most of them are very small portable sawmills, are they not—

Mr. BROWN. Well, a great many are.

Mr. CLARK. That do not count for anything in the management of the business—

Mr. BROWN. Well, you ask me to agree to that. I will say no. In our territory we have 2,300 in three States, and I know of only about 15 very large mills.

Mr. CLARK. They are nearly all small mills?

Mr. BROWN. Yes.

Mr. CLARK. They do not enter into the price of selling lumber at all, do they? They hardly enter into it?

Mr. BROWN. Yes, indeed.

Mr. CLARK. They do not have anything to say about it, do they?

Mr. BROWN. Yes, indeed.

Mr. CLARK. Locally they do?

Mr. BROWN. Yes.

Mr. CLARK. But as far as the general market is concerned the price of lumber is fixed by a few big mill owners, is it not?

Mr. BROWN. In our territory, when I left home, there were more buyers there than I have seen for a long time. They come from Philadelphia and New York and other places, and they go to the little mills and buy, and it is shipped to them.

Mr. CLARK. Is it not true that in the last few years the small mills have been disappearing and that they are all merged in the big companies, or largely so?

Mr. BROWN. Not in my section. I do not know of one such instance.

Mr. CLARK. The people of North Carolina have more undeveloped water power than any State in the Union, I believe?

Mr. BROWN. I think so.

Mr. CLARK. As they develop the water power do they use it for milling purposes?

Mr. BROWN. Not for sawmills.

Mr. CLARK. Why can they not use it?

Mr. BROWN. They must run the mills out to the timber, and they must do it by portable steam power.

Mr. CLARK. So there is no hope for cheaper lumber through the development of electricity by water power?

Mr. BROWN. Not in our State. The timber that is owned by the large companies is scattered all over the territory—1,000,000 here and 1,000,000 there.

Mr. CLARK. How far can you afford to haul the logs down there to the sawmills?

Mr. BROWN. Under the present conditions you can not afford to haul them a mile.

Mr. CLARK. The bottom has fallen clear out, has it?

Mr. BROWN. Under the conditions of 1908 I know we hauled the lumber, good heavy logs, to the mill and then hauled it 8 miles to the railroad and made a profit on the operation.

Mr. CLARK. In 1907 you mean?

Mr. BROWN. Yes.

Mr. CLARK. You said 1908.

Mr. BROWN. If I said 1908 it was incorrect. I have heard a good many men talk about the profits on lumber. I sold in 1908 four carloads of lumber at an average profit of \$18 per thousand—

Mr. CLARK. In 1907.

Mr. BROWN. Yes; but I also sold along with that lumber 200,000 feet that I did not get a dollar's profit on. I picked out the better grades of that timber and got a very good, handsome profit on it, so that on the 200,000 feet I made a fair profit, because I had, on the extra large timber, gotten a profit which paid me a reasonable profit for handling the other.

Mr. CLARK. You have overstocked with lumber, have you?

Mr. BROWN. Yes; for the last several months.

Mr. CLARK. Why do you not let up on the rapid consumption of the forests, so that it will leave some for posterity?

Mr. BROWN. We are now; we have been forced to do it.

Mr. CLARK. I know you have.

Mr. BROWN. We can not control the little-mill man.

Mr. CLARK. What is that?

Mr. BROWN. We can not control the little-mill man. If it is his land and he has timber on it he can cut it.

Mr. GRIGGS. What do you mean by a large mill?

Mr. BROWN. I mean one that will cut 50,000 feet of lumber per day.

Mr. GRIGGS. You say there are only 15 of those in your territory?

Mr. BROWN. I think there are about 25 or 30 of those larger mills in that territory, cutting from 50,000 up to about 100,000 feet.

Mr. GRIGGS. Do you operate in Georgia?

Mr. BROWN. Our territory does not extend that far—the territory of the association I represent. Now, gentlemen, I am interested in this question of the conservation and preservation of our forests, but I can not conceive how cheap lumber will cause any man to preserve his forests.

Mr. CLARK. I want to ask you a question right in that connection. The President appointed me on this commission for the conservation of natural resources, and Mr. Gifford Pinchot invited me to go down to North Carolina the other day with him. I could not do it on account of this hearing. He was going there to get up some kind of a scheme to preserve the timber, so that the water will not all run off.

Mr. BROWN. I want to say that I wrote Mr. Pinchot a personal letter asking him to come and look at the destruction of my timber, and to extend the gentleman an invitation to come along, to see where thousands of acres of timber have been burned to get pasturage.

Mr. CLARK. I wanted to go, but I could not, on account of this committee.

Mr. BROWN. You and I know that a negro will go out with a gun at night, and he will cut down a \$25 tree to catch a 25-cent 'possum.

Mr. CLARK. If you clap him in jail, he will not do that.

Mr. BROWN. But the man who has land and who is getting \$1.25 or \$1 stumpage for it, does not care to catch the negro. It costs too much.

Mr. CLARK. If that is the case in North Carolina, what sense is there in this great propaganda which you say you are in favor of, and which I am in favor of, of the Government undertaking to preserve those forests down there to keep the country from drying up? If there is no way to compel the people of North Carolina themselves to help take care of the timber of North Carolina, what sense is there in the Federal Government undertaking to do that?

Mr. BROWN. Well, I believe that everything, almost, in this country is done by agitation. By the persistent agitation of that question the people will be stirred up, and they will take care of a thing like that. I believe that will help it.

Mr. CLARK. The only way to do it is to enforce the criminal law against those violations.

Mr. BROWN. I go on the broad principle that if you want it to be taken care of and make it valuable it will be taken care of.

Mr. CLARK. But you say that a negro will cut down the most valuable tree in North Carolina to catch an opossum. What does he care about the value of the tree?

Mr. BROWN. But the owner cares for it as soon as it becomes of value. When he gets 25 or 50 cents stumpage away back from the railroad, with no profit in getting it out, it is not valuable, and he does not care to protect it.

Mr. CLARK. It is a criminal offense in every State in the Union to go on a man's place and cut a tree down.

Mr. BROWN. I understand that.

Mr. POW. Under which condition do you think the destruction of forests has been the graver—under very low prices or under high prices?

Mr. BROWN. Under low prices—on the principle that a man will take care of anything that is valuable. Even a negro will do that. He is not cutting down the trees now for the 25-cent 'possum, as he used to, because the stumpage is worth more. It is a warning to him.

Mr. POW. You think that the high price of the lumber and the increase in the price of stumpage has been a great stimulus to the people to preserve their forests?

Mr. BROWN. Unquestionably. Now, let us take this question of preserving the forests. Suppose a man has 1,000 acres of land located 2 or 3 miles away. To put a warden there to catch the man who is cutting down the tree to get the 'possum, and to put the fires out, would cost him \$25 a month, to keep the man there; and he can not afford to do it.

Mr. CLARK. Would not the growth of timber compensate him for that?

Mr. BROWN. Oh, no.

Mr. CLARK. On 3,000 acres?

Mr. BROWN. I said 1,000 acres.

Mr. CLARK. The growth of timber on 1,000 acres, you say, is not great enough in twelve months to pay \$300 a year for a warden?

Mr. BROWN. No, sir; if it were, you would not have any use for this commission to preserve the forest, because it would produce itself so rapidly under favorable conditions that we would not be clamoring on this question now.

Mr. GRIGGS. You mean that it would not pay to make this expenditure of \$300 a year on 1,000 acres.

Mr. BROWN. The timber does not grow in one year. If it did grow in one year, it would pay. Why, suppose a man undertook to protect 1,000 acres of land by putting a warden on it. It takes twenty-five years for it to grow in timber so that it is valuable.

Mr. FORDNEY. About what proportion of your product of logs is low grade?

Mr. BROWN. When this panic came on we sent to every man who was working in the woods, and we gave them instructions to cut the tree for the first and second cutting, and to leave the balance in the woods. Under that condition we have managed to raise the price of our manufactured product \$1.76 per thousand. That is the only way we live. We have produced 3,000,000 feet of timber and wasted 2,000,000, and left it in the woods as worthless, because we can not market it under these conditions. In 1907, under those conditions, we did use the tree up close, and got a small profit for the low-grade timber.

Mr. FORDNEY. When Mr. Knapp stated this morning that the average was about 20 per cent, he did not get it very correctly, did he?

Mr. BROWN. We calculate that by cutting the timber close we will get about 20 or 25 per cent of a grade above No. 4.

Mr. FORDNEY. Mr. Brown, do you know of a lumber trust in this country?

Mr. BROWN. None whatever. There is absolutely none.

Mr. HILL. If you cut off the short-leaf pine forest, how many years will it take before it is ready to cut again?

Mr. BROWN. From the seed it will grow in twenty-five years to make a very fair amount of timber.

Mr. HILL. And the long-leaf pine does not grow that soon, does it?

Mr. BROWN. The long-leaf pine takes very much longer. I know the lumbermen in the South, down in the eastern part, where there is a great deal of moisture in the land, can cut over their land every five years and get a fair amount of cutting; but they do not cut below 12-inch timber, because it is not profitable to cut that small timber off.

Mr. HILL. How small do you cut?

Mr. BROWN. Not below 12 to 15 inches, and very little of that. That larger timber grows very rapidly, and will replace itself in from five to ten years. But that is of much more rapid growth, within 100 miles of the coast, than it is back in the hill lands. My experience is that in the State of Maine it takes two or three times as long as in that part of North Carolina, South Carolina, or Georgia.

Mr. BOUTELL. As a matter of fact, they have been cutting lumber more or less in North Carolina ever since Raleigh landed on North Carolina soil, over three centuries ago.

Mr. BROWN. Yes.

Mr. BOUTELL. For fear that it may not be brought out, I want to ask you this: North Carolina is the largest, or next to the largest, furniture producer in the United States?

Mr. BROWN. I do not know that our factories are the largest, but we produce, I think, the second largest output in the United States.

Mr. BOUTELL. Do you know how many spindles there are in operation in cotton factories in North Carolina at present?

Mr. BROWN. I can not recall; but we manufacture more cotton than we produce.

Mr. GRIGGS. You say you are the second?

Mr. BROWN. In the number of mills; but our mills are not so large. We consume more cotton than we produce. The number of spindles I can not give you now.

Mr. BOUTELL. I wanted to compare them with the number twelve years ago, but I can probably find that out from some other witness.

STATEMENT OF J. A. FREEMAN, OF ST. LOUIS, MO.

Mr. FREEMAN. Mr. Chairman and gentlemen, I am here as a representative of the Freeman & Smith Lumber Company, of St. Louis, Mo.

The CHAIRMAN. I want to make an announcement at this point, Mr. Freeman, before you proceed. The committee will sit until 7 o'clock, and will then take a recess of an hour, returning at 8 o'clock. You may proceed.

Mr. FREEMAN. In view of the fact, Mr. Chairman, that quite a number of other gentlemen desire to be heard in this matter, may I consistently suggest or request that I may receive the usual courtesy of this hearing and have the principal part of the cross-examination come later in my testimony?

The CHAIRMAN. You mean you want to complete your statement without being cross-examined at all?

Mr. FREEMAN. Not entirely. I have no objection to interruption or cross-examination, but it is easy to confuse those of us who are not used to much public speaking, and we sometimes get off the drift of our remarks, and I very much fear that I might fall into that calamity.

Mr. BOUTELL. I suggest the witness continue and signify when he is ready to be interrogated.

The CHAIRMAN. I think that will be more satisfactory. You may proceed upon that basis, Mr. Freeman.

Mr. FREEMAN. I have selected for a brief consideration on this whole topic the lines of objection that are made to the present tariff on lumber. I believe that the lumbermen as a class, while believing that the present tariff duty is far from an excessive one, and it is doubtful if it can be defended as an adequate one in comparison with our general tariff schedules, are ready and willing to let well enough alone and to continue, if may be, the prosperous conditions we have enjoyed for a number of years.

Now, in considering the details of the objection that is made to our contentions, I wish to take them up in order. The first point I wish to dwell upon, and very briefly, is the general subject of tariff legislation.

Personally—and I think I am speaking for a great majority of the lumbermen—I believe and have been taught to believe in the doctrine of protection to American industries. I have no academic argument to make on that question. Most of the time since the war I have been an observer, as all of you gentlemen doubtless have, of the practical workings of the protective and the antiprotective systems, so called.

The CHAIRMAN. You will pardon us, but we do not care to hear any discussion of the doctrine of protection, especially at this hour and this day.

Mr. FREEMAN. I beg your pardon. I perhaps should state that I have no purpose of getting into a general tariff discussion, only I wish to say this, that observation has taught us that a general, adequate protection has resulted generally in a pretty good condition throughout the country at large, and to our particular industry. When, about ten years ago, it was necessary for us to make a strong effort to secure the placing of lumber upon the tariff list, we then began a period of fair prosperity, not reaching its culmination until a little more than a year ago.

Now, I am not disposed to claim, but I want to disclaim at once, that the whole of the prosperity coming to the lumber industry has been the result of tariff conditions; nor do I for one moment allow that the tariff conditions are chargeable with the calamities that have befallen us in the past year.

The CHAIRMAN. We have heard that argument a great many times. You will please abandon that and come down to facts in reference to the statement you have to present.

Mr. FREEMAN. That is a pertinent fact in regard to our industry.

The CHAIRMAN. We know all about prosperity. We have not been here for nothing.

Mr. FREEMAN. I desire to continue that no further, if the committee please.

I want to take up the question of cheap lumber for the consumer, and I am compelled to come back a little to the same proposition. I do believe, if you will pardon the suggestion, a good deal of confusion has arisen in my mind to-day in listening to the testimony as to the probable effect of putting lumber on the free list. Whether I am to decide, or whether you gentlemen can decide from the testimony you have heard, that the effect is going to be to make cheap lumber or make dearer lumber, I am seriously in doubt. But I do know this, that if you propose to enter upon a condition of things in this country that makes our people generally not prosperous, we are likely to have cheap lumber enough and nothing with which to buy the cheap lumber.

Our farmer, who seems to be the beneficiary of most of our consideration, wants most of all the home market. Nothing helps to furnish him that home market more than does the industry we represent. The prices at which lumber may be sold now or at any other time are simply questions of supply and demand. We who manufacture lum-

ber have been confronted two or three times, within the times of the greatest prosperity we have ever had, with the fact that we were producing more lumber in America than the American people wanted to consume, and every effort we have made to curtail our output has been met with the cry that we were engaged in a conspiracy and the forces of the Government must be put upon us to put a stop to it.

I cheerfully consent, however, to the doctrine that the tariff reduced upon lumber will, for a time at least, give to the farmer and to the consumer a little cheaper lumber. But there will follow other calamities that will very much more than offset it.

The next point to which I wish to direct your attention is the doctrine of reciprocity. It is a great big, large word that has sounded well and has been pretty generally used. My own candid conviction is that as a practical proposition reciprocity has resulted simply in our being asked to give up something we do not want to give up in order to get something we do not care very much whether we get.

A very substantial argument that has been produced against the retention of the tariff on lumber has been the hue and cry that our dear newspaper friends and the interesting yellow-back magazines have promulgated, that there is a wonderful lumber trust. I do not think that I desire to impeach the intelligence of the members of this committee, despite any of their suggestions to the contrary, that down deep in their hearts a single one of them believes such a thing as a lumber trust exists in the United States to-day.

Mr. COCKRAN. You take the liberty of impeaching me in that line——

The CHAIRMAN. I thought it was understood the witness was not to be interrupted?

Mr. COCKRAN. No; he said he could be interrupted.

The CHAIRMAN. Have you concluded your statement?

Mr. FREEMAN. If he wishes to ask a question; yes, sir.

The CHAIRMAN. If you have not concluded your statement, you may go on. I understand you have concluded your statement?

Mr. FREEMAN. No, sir; I have not.

Mr. COCKRAN. Then I will not interrupt you.

Mr. FREEMAN. I simply state this, that all of this talk suggests to my mind this situation: If there is a gentleman on this committee or any other place who seriously in his mind entertains the idea that there exists such a thing as a lumber trust to-day in the United States I will guarantee cheerfully to convince him to the contrary, if he will give me the opportunity.

The CHAIRMAN. Will you permit a suggestion? Instead of trying to read the committee's minds suppose you say what you are trying to say.

Mr. FREEMAN. That is my method of saying that there is no lumber trust.

The CHAIRMAN. That is no argument of interest to this committee at all.

Mr. FREEMAN. If any gentleman wishes proof of it I think I can furnish it to him.

On the practical question of forest conservation I frankly admit that if I could be shown that a reduction of the tariff or a removal of tariff duty would substantially improve the opportunities for forest reproduction in the United States, I should be quite willing to

yield a good deal of my opinion in the matter. There is but one way by which you can ever conserve the forests. You may have all of the recommendations and all of the schemes that you care to devise. It can only be done by making the forests worth conserving. Frankly that means higher-priced lumber. If it is desired to conserve the forests of the United States it can only be done by making those forests worth taking care of; by making it so that the owner of them, in the production of his lumber, will use up the product that is now going to waste.

It has been testified to-day that we only have about thirty years' supply of timber in this country, and if we love our country it is necessary for us to do something to save that for posterity; and only having thirty years they propose to introduce and bring in here, for the destruction of a present prosperity, enough more timber, at their own calculations, to last only about ten or fifteen years longer.

Mr. COCKRAN. I do not understand that statement.

Mr. FREEMAN. Very well. There is about one-half as much timber in Canada and British Columbia as there is in the whole of America.

Mr. COCKRAN. You say we only have thirty years' supply in this country?

Mr. FREEMAN. Yes; and add to it one-half of the amount which they have in Canada and that would make forty-five years. I said fifteen years longer.

Mr. COCKRAN. I understand your proposition now.

Mr. FREEMAN. In 1803 I believe a commission was appointed to discover something about the forest reserves of the Louisiana Purchase, and after a considerable survey and examination reported to their superiors that the forests of the Louisiana Purchase were not worth considering; that, as a matter of fact, they had been, nearly all of them, cut away.

Mr. CLARK. 1803?

Mr. FREEMAN. Yes.

Mr. CLARK. That is the year we got the Louisiana Purchase?

Mr. FREEMAN. Yes; that is the year we got it. The forests had been cut away by the Indians. I simply bring that in to illustrate the value sometimes of statistics.

Mr. CLARK. Who cut it off—the Indians?

Mr. FREEMAN. I presume it must have been Lo, the poor Indian.

Mr. RANDELL. Who made a statement to that effect?

Mr. FREEMAN. I can not give you the name at this time. You will find it in an old report that was made at the time.

Mr. COCKRAN. Nobody from Missouri made it?

Mr. FREEMAN. No; I think the man from Missouri would have to be shown differently.

The CHAIRMAN. Was it a report made by the Government?

Mr. FREEMAN. No, sir; I said, or intended to say, by some parties in interest.

The CHAIRMAN. To whom was it made?

Mr. FREEMAN. I can not answer that question. I am not giving it as an absolute fact, but as an illustration of the value of statistics. It has been placed upon record, and I think I can secure the means of information, but I do not have it at hand.

I do want to say in all sincerity that, in addition to the making of timber valuable and worth conserving, there is one other thing that has to be done, and the forestry department has well recognized that from the beginning—that is, it is necessary to have an organized force which shall receive the cooperation of the actual owners of the timber to be conserved. That is a simple proposition. Now, do those people believe that by an attack upon this industry they are going to secure that cooperation? Is it human nature that they are going to secure it that way? I venture the prediction that if the tariff on lumber is reduced at this time, the whole scheme of forestry restoration and conservation will be practically dead for the next ten years.

There is only one other matter to which I wish to allude. The people who are making the cry, who are appearing before you, are just in the same attitude exactly as we are. They are all interested parties. I have been a little surprised that possibly the Governor-General of Canada has not been before this committee to plead his cause. Gentlemen from this country, ten years ago, when we were making a strong effort to secure this tariff of \$2 per thousand, men high in the service of their country, who had made great fortunes in the white pine of the North, had stripped off the timber from the lands, had invested those fortunes in Canadian timber, and used every effort in their power to persuade the Ways and Means Committee of the House of Representatives to give them free lumber at that time and not to put a tariff on, created a condition very similar to the condition with which we are confronted at this time. Gentlemen who have made their money in American woods, have cut over their timber, have gone and forsaken their brethren in this country, and have invested their savings in Canadian stumpage, and they will be mighty glad to have us help them at this time. I do not blame them. I do not believe, however, that it should be the policy of our Congress to aid them or give them any such support.

That is all I have to offer.

Mr. COCKRAN. Under the conditions you state, they ought not to have very large savings to invest in that timber. Under the conditions which existed before the tariff was put on the lumber they ought not to have very large savings to invest anywhere, it seems to me.

Mr. FREEMAN. No, sir; I have not made that statement anywhere.

Mr. COCKRAN. You said our brethren have left us with their savings.

Mr. FREEMAN. They have taken the savings with them that they have made and have forsaken our side of the question and have gone into Canada and have procured their future timber supplies there.

Mr. CLARK. You say you are willing to give up part of your opinion to see this reforestation scheme worked all around?

Mr. FREEMAN. Yes, sir.

Mr. CLARK. But you are not willing to give up any of your tariff?

Mr. FREEMAN. Yes, sir; I think when I said I would give up my opinion it would mean if I could be convinced that that would conserve our forests, I would be willing to do that; but it would take a whole lot of testimony to convince me, I will admit.

Mr. CLARK. The President of the United States has been voluble and vociferous on that subject, has he not?

Mr. FREEMAN. I think my friend Captain White made reply to that, which I would hardly dare to make.

Mr. CLARK. You need not repeat it.

Now, Mr. Freeman, if there is no lumber trust, then how does it happen that there is such a wonderful uniformity of prices?

Mr. FREEMAN. I have thought of that question, of course. I will have to answer to that just as I have to the question about trusts. I say there is no trust. I affirm with equal confidence there is no unanimity or uniformity of prices. I will say, further, we can give you the proof of that if you will call at my office in St. Louis at any time; or, if you will send an agent there, I will offer you abundant proof to the contrary.

Mr. CLARK. The first time I am in St. Louis I will call upon you.

Mr. UNDERWOOD. Suppose you file that information as a part of your remarks, showing there is no uniformity of prices? Can you do that very easily?

Mr. FREEMAN. I would have to do it this way. I could simply have the gentleman accompany me to a half a dozen different concerns and let him ask them what they would take for certain commodities at that time or any other time.

Let me state with all sincerity, and I think I can back this up—I think there are plenty of gentlemen here who know that it is true—that there never has been a time, even in the most prosperous times, when very many of the articles on the lumber list could not be obtained at varying prices at any market in the United States at any time, a variation of from one to three dollars.

Mr. COCKRAN. That is due to the freight rates?

Mr. FREEMAN. No, sir; in the same market, under the same conditions. Take the city of St. Louis, and I have never known a time when I could not have gone out and bought lumber there at a variation of from one to three dollars per thousand, on almost any item on the list. Of course, there are a few times when there may be an exception, when some particular item is short in supply.

Mr. CLARK. Do you own timber lands, as well as manufacture lumber?

Mr. FREEMAN. Yes, sir.

Mr. CLARK. Where are your lands?

Mr. FREEMAN. In Arkansas.

Mr. CLARK. Yellow pine?

Mr. FREEMAN. Yes, sir; short leaf yellow pine.

Mr. CLARK. How many acres have you?

Mr. FREEMAN. About 33,000 to 35,000 acres.

Mr. CLARK. Bought at \$2 or \$3 an acre?

Mr. FREEMAN. No, sir; unfortunately I did not; but I did buy it a good deal less than it is worth to-day. I could have bought it, if I had had the courage of my convictions and a little more money, at a good deal less than \$2. I went there nearly eighteen years ago. I could have bought it at \$1.25 an acre.

STATEMENT OF C. W. NIBLEY, OF LA GRANDE, OREG.

Mr. NIBLEY. Mr. Chairman, I shall not detain you long. I just want to say in regard to the price of lumber, about which we have had some question, that the price of lumber in Portland, Oreg., now is as low as it was ten years ago on all rough lumber.

Mr. HILL. Was that true last year?

Mr. NIBLEY. No, sir; it is less now than it was last year, but you can buy to-day in Oregon all kinds of rough lumber at as low prices as you could in 1898, ten years ago. We are not in favor of the tariff being reduced or taken off of lumber. We think it would hurt our business. We have a right to ask, we think, that it be continued at least as it is. As to the idea of the President of the United States or Mr. Pinchot, that taking the tariff from Canadian lumber would save our forests, I think we can show you a more excellent way. I am going to air this subject a little here, because I think it is proper, Mr. Chairman, at this time.

The stump land, land that has been cut off and denuded, has been disposed of in this way in our section of the country. We have sold in eastern Oregon—and when I say we, I mean my company alone—40,000 acres to sheep men for pasturage. That hill and mountain land is worth little for anything else after the trees are cut off of it. It is not the best pasturage in the world, but we have rented some to the sheep men for from 8 to 10 cents an acre per year for pasturage. Now, why could not, and why should not the Government, if it wants this land for reforestation—and it does, doubtless—secure that same land instead of the sheep men getting it? Buy it, condemn it, give the Government the right to condemn, if necessary, and your registers and receivers in the different land offices and land districts may be made the judges of the value of the land, and secure this land for reforestation instead of turning it over to the sheep men. The amount that would be received by grazing sheep on that land would pay the interest on the investment.

Mr. UNDERWOOD. Would sheep interfere with reforestation?

Mr. NIBLEY. No, sir; not after the trees get started a little to grow. On the very young trees they will cut the bark, but after they grow a little the sheep do not bother them. Cattle can be grazed on that land right from the beginning, and produce some revenue. So there is a chance not only for thousands and tens of thousands, but millions of acres to grow timber, and if were a country different from ours, steps would be taken to handle that matter in a practical way. It is what you would do and what I would do, and it can be done, and done easily. It is feasible and practicable.

Mr. UNDERWOOD. Why do not the citizens do it?

Mr. NIBLEY. What is everybody's business is nobody's business. I do not care to do it. We sold to the sheep men.

Now, as to the famine of timber: We all know that in the West, in that warm, generous climate, trees will grow in twenty-five to thirty years from the seed or a small sapling, to 18 or 20 or 24 inches in diameter. We have timber on hand estimated to be sufficient to last us thirty years, and with the Canadian timber, forty-five years. We can produce timber in thirty years and do it easily. There is no great danger of timber famine if the timber interests are taken hold of in some practicable and feasible way, which I think I have suggested.

I have some photographs here which I shall be glad to submit to the committee, together with statistics showing the cost of houses, the amount of lumber that enters into them, and showing that those houses are built in the city of Portland at remarkably low figures. You will be surprised when I tell you that the plumbing in the house is substantially the cost of the lumber—that is to say, the plumbing costs as much as the lumber.

Mr. BOUTELL. That is no surprise to me.

Mr. NIBLEY. Here is a photograph of a house which was taken July, 1908; estimated cost of a six-apartment building, Benton street, Portland, Oreg. I will not take time to read all the details, but will hand these pictures around for the members of the committee to examine. The statistics accompanying the photograph show the cost of excavating, grading, plumbing, painting, plastering, brickwork, tin roof, window and frame work, heating plant, lumber, carpenter work, etc. This is a \$9,000 building. The lumber was only \$624. The plumbing in this building was \$1,320. That, however, is an extreme case. Here is another one that is just a lumber house entire, with a concrete foundation. Here is a lumber house that cost \$4,500. There are 28,000 feet of lumber in it, which in Portland cost \$518.

The CHAIRMAN. Those statistics are given on the backs of those photographs?

Mr. NIBLEY. Yes, sir.

The CHAIRMAN. Then you may hand them up to the committee, and we will look at them at our leisure.

Mr. NIBLEY. Yes, sir; I will do so. I would just like to say as to common and high-grade lumber, that in eastern Oregon, where I live, we do not get 10 per cent of the high grade. There is 90 per cent of our trees that is common stock. So that if the tariff is taken off and the cheap lumber is allowed to come into our country, we are just that much worse off.

I do not know, gentlemen, that I shall detain you any longer. I will present these photographs to you and would like to have you look at them.

The CHAIRMAN. I think you said at present prices you could not ship any rough lumber out of the State?

Mr. NIBLEY. Oh, no; we ship out. We ship as far as Kansas and Nebraska.

The CHAIRMAN. I thought you said the present prices would not enable you to do so?

Mr. NIBLEY. Oh, no; we ship the high-grade lumber.

The CHAIRMAN. Do you send by sea or rail, or both?

Mr. NIBLEY. By rail pretty much.

The CHAIRMAN. Is there any shipped from there by sea?

Mr. NIBLEY. Yes, sir; from Portland; but I am inland.

The CHAIRMAN. You have had pretty good prices for it in the past ten years, up to about a year ago?

Mr. NIBLEY. In 1907, very good prices; yes, sir. This year anything but good prices.

The CHAIRMAN. What was the condition generally? Was the industry prosperous?

Mr. NIBLEY. Yes, sir.

The CHAIRMAN. And the present depression is because of the depression in trade generally, is it not?

Mr. NIBLEY. I think that is true; yes, sir.

The CHAIRMAN. There is not so much building going on?

Mr. NIBLEY. Yes, sir.

The CHAIRMAN. But there is an improvement in that respect?

Mr. NIBLEY. I think there is.

The CHAIRMAN. With a run of prosperity, there would be a great demand for your lumber?

Mr. NIBLEY. There is sure to be in time.

The CHAIRMAN. I suppose you have not exhausted in a great measure your lumber resources on the Pacific slope?

Mr. NIBLEY. No; we have a very large amount of stumpage yet.

The CHAIRMAN. Do you not think it would be better for you to wait before you cut it all off, and get some of the high prices that will come ten or fifteen years hence, after the lumber stumpage in the United States is cut off? Do you not think it would be a blessing to you if it came that way?

Mr. NIBLEY. My banker will not let me wait. The sheriff would get me, probably.

The CHAIRMAN. Are you so badly off as that, after ten years of prosperity?

Mr. NIBLEY. Liable to be; yes.

The CHAIRMAN. You must cut this lumber all off, notwithstanding ten years of prosperity which you have had?

Mr. NIBLEY. Not cut it all off, but I must keep my mills going or else discharge a great number of men that are depending on them for employment.

The CHAIRMAN. Could you not honestly afford to take a little less profit than you have for the past ten years?

Mr. NIBLEY. No, sir; I do not think so.

The CHAIRMAN. And keep the sheriff away?

Mr. NIBLEY. No, sir; I do not think so.

The CHAIRMAN. Is the margin so small as that?

Mr. NIBLEY. Yes, sir; we have only made a fair and reasonable profit of the ten years.

The CHAIRMAN. How much did you make in the year 1906?

Mr. NIBLEY. I could not say offhand; probably 10 or 15 per cent on our investment.

The CHAIRMAN. Have you averaged that for a number of years prior to 1906?

Mr. NIBLEY. No; prior to that it was less; some years very much less.

The CHAIRMAN. From 1900 to 1906, what was the leanest year?

Mr. NIBLEY. Between 1900 and 1906? We have always averaged close to 10 per cent in our business.

The CHAIRMAN. You have averaged 10 per cent?

Mr. NIBLEY. Yes; close to 10 per cent.

The CHAIRMAN. Are you sure the reducing or the taking off of the duty would make any difference in prices?

Mr. NIBLEY. I think it would.

The CHAIRMAN. Are you familiar with the cost of manufacturing lumber in Canada?

Mr. NIBLEY. Not very familiar; no.

The CHAIRMAN. Suppose it should turn out that they had to pay as much for labor there, or even more than you pay, and that the machinery was brought there, imported from the United States and paying a duty of 30 per cent under their tariff, because there was no competition, would they still be in as favorable a position as you to supply the United States?

Mr. NIBLEY. To some parts of the United States they would be in very much more favorable position than we.

The CHAIRMAN. I was speaking of British Columbia.

Mr. NIBLEY. I, too, am speaking of British Columbia.

The CHAIRMAN. So near you?

Mr. NIBLEY. They could send lumber by the Canadian Pacific Railroad into certain markets in the East for less than we could, because of the freight rate.

The CHAIRMAN. The freight is less?

Mr. NIBLEY. Yes, sir.

The CHAIRMAN. How much less?

Mr. NIBLEY. I could not say.

The CHAIRMAN. Have you any idea about it?

Mr. NIBLEY. Since we have been here we have had that question up.

The CHAIRMAN. If you do not know that, you can not determine whether on the whole they have any advantage or not without the duty.

Mr. NIBLEY. I have understood the difference in freight was something like \$2 or \$3 per thousand feet.

The CHAIRMAN. How much?

Mr. NIBLEY. Two or three dollars per thousand feet of lumber.

The CHAIRMAN. But you do not know how much more they pay for machinery or how much more they pay for labor?

Mr. NIBLEY. No, I do not. I know they do not pay, as a rule, any more for labor. They pay less in most cases.

Mr. FORDNEY. Do you export any?

Mr. NIBLEY. No, sir.

Mr. FORDNEY. In the make-up in the cost of your lumber there is a vast difference in the price of stumpage in British Columbia as compared to Washington and Oregon, is there not?

Mr. NIBLEY. Yes, sir; I believe so.

Mr. FORDNEY. That would hurt very materially, would it not, if that timber came in competition with yours?

Mr. NIBLEY. That is our judgment.

Mr. FORDNEY. Especially on your low-grade?

Mr. NIBLEY. Yes, sir.

Mr. FORDNEY. What portion of your product is low grade?

Mr. NIBLEY. Our proportion in eastern Oregon is nearly 90 per cent low-grade.

Mr. FORDNEY. That is under clear, you mean?

Mr. NIBLEY. Yes, sir.

Mr. FORDNEY. Take out your good common.

Mr. NIBLEY. There is about 40 per cent of that.

Mr. FORDNEY. Where do you market the most of that 40 per cent?

Mr. NIBLEY. In Idaho and near-by States.

Mr. FORDNEY. You do not get very far away with it, on account of high freight rates?

Mr. NIBLEY. That is correct.

Mr. FORDNEY. The low grade from Canada, coming in competition with your lumber, would greatly or materially interfere with your business, would it not?

Mr. NIBLEY. Well, it would just depress the market that much; yes, sir.

Mr. FORDNEY. You do leave a large per cent of your low grade in the woods now?

Mr. NIBLEY. We do now, when lumber is so much cheaper than it has been.

Mr. FORDNEY. That \$2 tariff on lumber does not seem to affect your market nearly so much as when there are prevailing low prices like there are now?

Mr. NIBLEY. No, sir.

The CHAIRMAN. When lumber is high, you do not need the duty?

Mr. NIBLEY. If it were high enough, we would not.

The CHAIRMAN. In 1896 you did not need the duty, did you?

Mr. NIBLEY. I do not know about that. I would not want to say offhand.

The CHAIRMAN. It is your opinion, or can you give an opinion?

Mr. NIBLEY. Yes; I can give an opinion that I think lumber should have its reasonable share of protection just the same as iron or steel or any other commodity. That is my opinion.

The CHAIRMAN. Some one said a few moments ago that 80 per cent of the cost of lumber was labor. Is that true?

Mr. NIBLEY. Substantially so.

The CHAIRMAN. That was the cost of production?

Mr. NIBLEY. Yes; not including stumpage.

The CHAIRMAN. No; I said labor. Of course that would not include stumpage.

Mr. FORDNEY. You said labor was 80 per cent of the cost of production. That is not right, if you include stumpage?

Mr. NIBLEY. The 80 per cent I would take to be labor, and about 20 per cent to be other incidental charges outside of stumpage.

Mr. FORDNEY. To answer the chairman, labor is not all the cost that enters into the cost of production of lumber?

Mr. NIBLEY. No, sir.

Mr. FORDNEY. It did not include stumpage, and stumpage is an item in the question when put on the market?

Mr. NIBLEY. Stumpage is certainly a matter to be considered.

Mr. CLARK. The price of lumber, when you get through with it, ready to deliver it, is made up of the stumpage plus the labor?

Mr. NIBLEY. Yes, sir.

Mr. CLARK. That is the whole of it?

Mr. NIBLEY. And what profit we put on.

Mr. CLARK. Except the interest on your plant?

Mr. NIBLEY. Yes, sir.

Mr. CLARK. Then, the cost of lumber f. o. b. the cars nearest to your place is stumpage plus labor plus interest plus wear and tear on machinery. How much of the total is labor, in per cent?

Mr. NIBLEY. I should say of the total probably 70 per cent is labor.

Mr. CLARK. It got right back close to where it started from.

Mr. NIBLEY. About 70 per cent is labor. Some places it is more, and some places it is less.

Mr. CLARK. How do the Canadians happen to get such a lower freight rate than you do?

Mr. NIBLEY. I do not know. The managers of the Canadian Pacific Railway could probably enlighten us on that.

Mr. CLARK. We might get some enlightenment on this side of the line.

Mr. NIBLEY. I could not tell you as to freight rates, why they are higher here.

Mr. CALDERHEAD. Do you ship to Kansas or Nebraska?

Mr. NIBLEY. Yes, sir.

Mr. CALDERHEAD. To Lincoln and Kansas City?

Mr. NIBLEY. Yes, sir; a little as far as Lincoln; practically in western Kansas and western Nebraska.

Mr. CALDERHEAD. Over what road do you ship?

Mr. NIBLEY. Mostly over the Union Pacific.

Mr. CLARK. Where is LeGrande located?

Mr. NIBLEY. Three hundred miles this side of Portland, Oreg.

Mr. CLARK. This difference in freight rate you are talking about over the Canadian road and the American roads, is from some central point where they determine freight rates, or is it all along the line locally?

Mr. NIBLEY. From western Canada, for example, British Columbia country.

Mr. CLARK. What is the point in Oregon that fixes the freight rates? Is it Portland?

Mr. NIBLEY. We have a less rate to certain points east than Portland does, to certain nearby points.

Mr. CLARK. But you have the same rate from your point as does Portland to Kansas City or Chicago?

Mr. NIBLEY. Yes, sir; from Portland or eastern Oregon we have to pay the same rate.

Mr. UNDERWOOD. When you go west, the freight of your Canadian competitors equalizes the situation, but when you go south along the coast you have the advantage of freight, do you not?

Mr. NIBLEY. We do not reach with our product farther east, except on some shop lumber. We send a little of that into Chicago and Milwaukee, but as a rule our lumber is sold in the interior.

Mr. UNDERWOOD. Going westward, the freight rates equalize themselves. In other words, the Canadian shipper can ship as cheap as you can, but going down the Pacific coast the freight rates are in your favor, are they not?

Mr. NIBLEY. They would be, I suppose; yes, sir.

Mr. UNDERWOOD. How much in your favor are they?

Mr. NIBLEY. I could not give you that. I could not tell you how much that is, because I am not posted on those Canadian freight rates.

Mr. UNDERWOOD. Do you sell any large proportion of your output down the coast southward?

Mr. NIBLEY. No, sir. We come east by rail nearly altogether.

Mr. UNDERWOOD. What was the amount of your profits on run-of-mill per thousand during the ten years preceding 1907, on an estimate?

Mr. NIBLEY. That would be difficult for me to say offhand. I could not answer that right offhand, but we made a reasonable profit, close to 10 per cent, taking an average of the years.

Mr. UNDERWOOD. Is yours a stock company?

Mr. NIBLEY. Yes, sir.

Mr. UNDERWOOD. Did you pay a dividend in those ten years?

Mr. NIBLEY. Yes, sir; in most of them.

Mr. UNDERWOOD. A dividend of how much?

Mr. NIBLEY. Ten or 12 per cent, and one or two of them we did not pay any dividend.

Mr. UNDERWOOD. Out of the ten years did you average a dividend of 10 per cent per year?

Mr. NIBLEY. I should say from 8 to 10 per cent. I could not say exactly offhand.

Mr. UNDERWOOD. Did you put any of your profits in betterments or purchasing new lands or new buildings?

Mr. NIBLEY. New lands and new buildings would be a matter of new investment.

Mr. UNDERWOOD. Did you buy that out of your profits or did you buy it out of new capital?

Mr. NIBLEY. We do not count that as profit. We do not want to have our cake and eat it, too.

Mr. UNDERWOOD. Did you take any profits that your mills made, aside from your dividends, and invest in betterments or new lands?

Mr. NIBLEY. Not to any great extent.

Mr. UNDERWOOD. Then you claim the total profits that you made out of your mill were less than 10 per cent during the ten years?

Mr. NIBLEY. Yes, sir.

Mr. COCKRAN. That includes the money you put into the extra lands?

Mr. NIBLEY. Yes; that includes the profit on everything.

Mr. COCKRAN. That was another profit also?

Mr. NIBLEY. No, sir.

Mr. COCKRAN. I have heard two of you gentlemen speak of conservation of forests. You said, "We want the forests preserved and want to make them worth preserving." I believe that was about your language.

Mr. NIBLEY. I did not say that. That was the language of the speaker before me.

Mr. COCKRAN. Do you not indorse what he said about that?

Mr. NIBLEY. Yes; to some extent.

Mr. COCKRAN. I want to know how you can make the forests worth preserving.

Mr. NIBLEY. I suppose Mr. Freeman's idea was, as my idea would be, that if you will keep or maintain this tariff, or the tariff is high enough, you make your forest that much more valuable.

Mr. COCKRAN. Not as forests, though.

Mr. NIBLEY. Yes; as forests.

Mr. COCKRAN. You do?

Mr. NIBLEY. Yes.

Mr. COCKRAN. How?

Mr. NIBLEY. Because that timber, whether it is in Pennsylvania or Missouri, or wherever it is, is worth just that much more if the tariff is on the lumber. That is the theory of the tariff.

Mr. COCKRAN. But if it is never to be cut?

Mr. NIBLEY. We do not have timber never to be cut.

Mr. COCKRAN. Then this is merely a temporary preservation?

Mr. NIBLEY. No; I would regrow the timber. Timber will grow in this country, you understand, and it will grow if it is conserved and taken care of.

Mr. COCKRAN. Is it not really your idea that the higher you make lumber the less of it the people can buy, and therefore the more the forests will be preserved?

Mr. NIBLEY. No; I do not think that is true. That has been thrashed out pretty well. I do not think it is necessary for me to argue on that.

Mr. COCKRAN. I do not ask you to argue. I just ask your opinion.

Mr. NIBLEY. My opinion is the Republican opinion, that with everybody at work, even if things are higher, they have money to buy something and are better off.

Mr. HILL. The lumber which you ship East is such as flooring, ceiling, siding, and so forth?

Mr. NIBLEY. Yes, sir.

Mr. HILL. And a very large amount of labor put upon it to fit it for the market?

Mr. NIBLEY. Yes, sir.

Mr. HILL. When the price is very low, and it is a question whether you are making money or not, if you should close your mill, in order to save your forests, as has been suggested here, you would throw out of employment a large number of men, reduce their purchasing power, and create a condition throughout the country most disastrous?

Mr. NIBLEY. Yes, sir. That is, if all men in that condition would do the same thing.

Mr. HILL. And a lumberman is not necessarily any more free from debt than the average man in the average business?

Mr. NIBLEY. I have never been entirely free from debt; no, sir.

Mr. HILL. I am in the lumber business and I have been in debt ever since I was married, and I owe my mother-in-law a debt I never can pay.

Mr. NIBLEY. As to the question of interest or percentage of profit, the main company with which I am associated—the Grande Ronde Lumber Company, which has its principal business in Canada—has paid 6 per cent; that is, we pay one-half of 1 per cent a month. We have done so for five years, and we have owned that only six years. In that company we put a little more into timber, so I estimate we have made probably 9 or 10 per cent.

The CHAIRMAN. How much more stumpage have you now than when you commenced?

Mr. NIBLEY. We have not quite as much.

The CHAIRMAN. How much more is it worth?

Mr. NIBLEY. I think the stumpage has increased in six years. Our stumpage costs us a little more than a dollar a thousand. I think that stumpage ought to be worth in six years \$2, for this reason: If you will take \$2, and add 7 per cent (which we have to pay at the banks), and pay the taxes (which are 30 or 35 mills—3 or 3½ per cent), and compound that each year, and then consider your risk from fire 1 per cent, you will find that in the course of ten years your \$2 has grown to be \$6.59.

The CHAIRMAN. You have paid it out of the business? You have paid all this out of the business?

Mr. NIBLEY. Yes; we pay that out of the business.

Mr. HILL. There is no income on that kind of stumpage? That is just an investment?

Mr. COCKRAN. Do you not charge that out of your business?

Mr. NIBLEY. Yes, sir. That is part of this extra 4 per cent that was mentioned.

Mr. CLARK. If you take that stumpage increase and this dividend of yours, it amounts to 110 per cent. You have 100 per cent clear velvet on that stumpage business? In addition to that, you have a dividend of 10 per cent a year?

Mr. NIBLEY. No; the dividend, I said, was only about 6 per cent.

Mr. CLARK. Well, 9 per cent or 10 per cent is what I think you said. Nine times 6 would be 54, and added to 100 it would be 154 per cent profit on the six years.

The CHAIRMAN. We have all the figures, and I do not think we can get any more light on that. Do you want to answer that last question?

Mr. NIBLEY. I did not catch the question clearly.

Mr. CLARK. In answer to the chairman you said the value of your stumpage is about double what it was six years ago.

Mr. NIBLEY. Yes, sir.

Mr. CLARK. That is 100 per cent.

Mr. NIBLEY. Stumpage worth a dollar two years ago is worth two dollars to-day.

Mr. CLARK. That is 100 per cent?

Mr. NIBLEY. Yes, sir.

Mr. CLARK. You declare a 9 per cent dividend on that business?

Mr. NIBLEY. No; 6 per cent.

Mr. CLARK. The statement has been changed, then.

The CHAIRMAN. Oh, no; it was not.

Mr. CLARK. Six times 9 would be 54, and 100 plus 54 would be 154 per cent that you have made, minus whatever the taxes were, and 1 per cent for fire?

Mr. NIBLEY. And depreciation on your plant?

Mr. CLARK. Yes.

Mr. HILL. Assuming that it did not cost you anything to carry this, those figures would be somewhere within a mile of the bull's-eye.

Mr. DALZELL. The stumpage has increased in value. You have taken off something for that?

Mr. NIBLEY. We have taken off from that.

Mr. CLARK. That would cut it down 50 per cent?

Mr. NIBLEY. Yes.

Mr. CLARK. That still leaves you 104 per cent. Every time you buy you double your money?

Mr. NIBLEY. I bought a lot on the Short Line, in one of the little towns, for \$50, and I sold it in three or four years for \$200.

Mr. CLARK. You made 300 per cent.

Mr. NIBLEY. There is no law against that.

Mr. CLARK. There is no law against it, but there is no law upholding it.

Mr. NIBLEY. Yes, there is.

Mr. CLARK. You are asking the Government to guarantee that you can go on making this profit you have been making at the expense of the people.

Mr. NIBLEY. No; it does not ask for anything at the expense of the people.

Mr. CLARK. There is another thing I want to know. Take those timber States up there—Oregon, Washington, Idaho, and Montana—if they have any timber, I do not know whether they have or not. They can not produce annual crops like we do down in our part of the Mis-

Mississippi Valley. As soon as you get this timber cut off, that land is worth nothing except for sheep pasturage that you mentioned?

Mr. NIBLEY. Practically.

Mr. CLARK. Why do not either these big companies that own such an immense amount of that land, or the State in which it is located, go into this reforestation business in some scientific way, because it must be plain to anybody that as soon as they cut this timber off, those States will be bare and almost worthless.

Mr. NIBLEY. They let it go for the reason I have already told you, that what is everybody's business is nobody's business.

Mr. CLARK. Why do not the States take it up?

Mr. NIBLEY. They do not believe in State's rights.

Mr. CLARK. The National Government of course is the great pap institution.

Mr. HILL. These gentlemen are making a point out of the matter of the profit and dividend which you mentioned. You stated you had less stumpage than when you started?

Mr. NIBLEY. Yes, sir.

Mr. HILL. If you have paid a dividend it is quite likely it is out of the stumpage you have cut off?

Mr. NIBLEY. Yes, sir.

Mr. HILL. Because the stumpage you have on hand is worth double what it was six years ago, it is not due to the great profit in the business, except as to the advance in the price of timber in the country, and the general value of stumpage?

Mr. NIBLEY. Yes; that is right.

Mr. HILL. You have not gotten rich in business in that time?

Mr. NIBLEY. We do not think so.

Mr. HILL. You are making your fair profit?

Mr. NIBLEY. That is all we can make; yes, sir.

Mr. COCKRAN. Have you not charged up this stumpage every year that you have used up?

Mr. NIBLEY. No, sir.

Mr. COCKRAN. You have not charged that on your books at all?

Mr. NIBLEY. Oh, yes; we carry it on our books.

Mr. COCKRAN. But you do not charge it off?

Mr. NIBLEY. We keep an account of stumpage, what it costs us, and then charge one to two dollars a thousand as against that.

Mr. COCKRAN. Therefore, on your books you have carried this stumpage all this time, and you have less stumpage on your books now than you had six years ago?

Mr. NIBLEY. I could not go into those figures; I could not tell exactly.

The CHAIRMAN. That seems to be all, Mr. Nibley.

STATEMENT OF JOHN M'MASTERS, OF SEATTLE, WASH.

Mr. McMASTERS. I come from the northwest corner of the United States. I come from the State of Washington. My talk will be something different from what you have been hearing, as it is along a little different line. I am going to talk about the shingle business in the State of Washington. We have been talking lumber to-day, but I will tell you something about the shingle industry in the State of Washington.

I came to the State of Washington about twenty years ago, when the business was just in its infancy. I helped to manufacture about the first shingles that were shipped to the Middle States. We have been making shingles ever since. I am a manufacturer. My business is to cut down the tree, haul it to the water, manufacture it into shingles, load them into a car, and ship them to the market. I am one of 434 shingle mills in the State of Washington.

We do not want the duty removed from shingles. We would like to have it raised. If we can not have it raised, we beg of you to leave it where it is. It means to us who are in the shingle business life or death. I do not think I am putting that any too strong when I say that. I for one have everything I own in the world invested in that business. I have been in that business all my lifetime. I have made my living at that business. I have supported my family and educated my children in that business. I have two boys who have grown up in the business. They know no other business. When they left school they went into the mill to learn how to make shingles. We have gained a reputation for grades and square dealing of which I think we have a right to be proud.

We believe if the duty is removed from the shingles it is going to destroy our business, because we are right in touch with British Columbia, where they have large quantities of red fir. The future supply of shingles for this country must come from the State of Washington and the Province of British Columbia largely, because the State of Washington at the present time furnishes between 60 and 65 per cent of the shingles supplied in this country. The State of Washington alone can furnish all the shingles that the United States requires. I think I am not extravagant when I tell you I am satisfied that the State of Washington can furnish all the shingles that the United States can use for the next fifty years.

With us in the cedar business it is either shingles or nothing. People can make pine timber into lumber. They can work oak and all kinds of timber into lumber. We can not do that with cedar. There is only a small part of the cedar that can be made into lumber. There is about 75 per cent of our cedar that is good for nothing else but shingles. We do not know of any other purpose to which it can be put except shingles. We do make telegraph poles and a few ties, but the bulk of the cedar in the State of Washington is manufactured into shingles. It has either got to be manufactured into shingles or it has to stay in the woods.

Before we commenced to make shingles in the State of Washington the logger would go through the timber and leave the cedar standing and take out the fir. There are sections of country in our State at the present time where the cedar is lying and standing where logging operations were carried on twenty years ago.

At the present time we have a market for the shingles and we are cutting it into shingles and shipping it out in that form.

I want to give a little idea of what the shingle industry means to us. I stated in the beginning there were 434 mills, the daily capacity of which is about 15,000,000 shingles. We give employment to about 14,000 men. There are about 14,000 men engaged in making shingles in the State of Washington, and I suppose I may safely add 14,000 more directly depending on the shingle mills for a living, which would be 28,000 people.

The average pay roll in the shingle mills of Washington is about \$3.50 a day per man. There might be some localities where it is a little less. In our business it averages about \$3.50. The labor in a shingle mill is all skilled labor, and the men work a good deal by piecework. The men grew up in the business as boys, and they are experts and can do a large amount of work in a day. The lowest wages we pay are \$2.25 to two or three men, and the highest \$6.70. We pay to labor in the shingle business, each year in our own State, about \$11,000,000. The capital invested, as nearly as we can calculate, in the mills and equipment, is about \$125,000,000. That means a great deal to our State.

I want to give you some more figures. It has been estimated that the total valuation of all products of our State for 1906, including grain, fisheries, coke, coal, lumber, and shingles, was \$128,000,000. The lumber and shingle output amounted to about \$82,000,000.

Mr. HILL. How many millions of shingles?

Mr. McMASTERS. The total amount of shingles was about \$82,000,000, but the amount of shingles marketed was about \$17,000,000 in 1906.

Mr. HILL. You have not the figures as to the number of shingles there were?

Mr. McMASTERS. No; but I can furnish that very easily. I may have that somewhere. I am quite familiar with it, but it has escaped my memory just now.

We ask the Government not to remove the duty on shingles, because it means everything to us. It will take our market from us to a large extent. The British Columbia people are in a position to furnish shingles to the United States people in large quantities, but every carload of shingles furnished to the United States market from British Columbia deprives the State of Washington of just that much business.

It is not a question of price altogether. It is a question of market. If we lose our market, we have to close our mills, and many of our people in the State of Washington to-day are not in very good circumstances. A great many of them are in debt. All they own in the world they have invested in their mills and in the timber and business. A great many of them have borrowed money. If the duty is removed from shingles, the business will go to British Columbia, and many of our mills will be closed. The people of British Columbia are shipping shingles in quite large quantities into the United States now, and paying a duty of 30 cents a thousand. I know men personally that live in Seattle that have shingle mills in British Columbia that have operated for years, who have never sold a shingle in Canada. Every one of their shingles has come to this side of the line, and they have to pay a duty on them and yet have made more money than some of the mills on our side of the line.

Mr. HILL. What is the price of shingles now?

Mr. McMASTERS. F. o. b. the mills for extra Star-A-Star, \$1.50 to \$1.60 a thousand. The highest price ever received for that grade is about \$1.75 f. o. b. the cars. The lowest price was about 80 cents, which was some ten or twelve years ago.

It is impossible for the mills of the State of Washington to compete with the mills of British Columbia if the duty should be removed. We can not compete with them as it is, although they pay

30 cents a thousand duty. If the duty should be removed, we are down and out. They have the advantage of us in timber. They have the advantage of us when it comes to making shingles, to the extent of between 15 and 20 cents a thousand in the raw material. They have the advantage of us in labor at least 15 cents a thousand, which makes up the 30 cents they have to pay in duty, so when we consider what they save in timber and what they save in lumber, it totals up the 30 cents duty which they have to pay. If the duty is removed, you can all see we will lose our business, and the mills will be closed and our men will be out of employment, and the conditions in our State would be hard indeed for the shingle manufacturers. Of that there is not the shadow of a doubt.

When it comes to the tariff question in the shingle business, if the duty is removed, we are right up against the real thing. Our men that are in our employ in the shingle business are all Americans; they are all white laborers. We do not employ oriental labor at all. Our men are well cared for. We provide good, comfortable quarters for our men. We have good boarding houses, and we give them the very best; we think they are entitled to it. Now, is it reasonable or is it fair for this Government to expect us to compete against conditions on the other side of the line, where they employ oriental labor, where men can work from 80 cents to \$1.25 a day in the shingle business, and live in quarters such as they do? Is it fair we should have to compete against those conditions? I consider it only just and right that Canada should have the Canadian market, but I think it only just and right that the Americans in the State of Washington should have the American market for their product.

Mr. HILL. I was out in that country in the year 1895, and shingles were then selling for 90 cents a thousand.

Mr. McMASTERS. I think so.

Mr. HILL. They were then free. A duty of 30 cents was put on them and the price is now, instead of \$1.20, up to \$1.50 and \$1.60. What is the reason for the additional advance of 30 to 40 cents a thousand?

Mr. McMASTERS. It is the same as in lumber. Conditions have changed. Timber is more expensive. Labor has advanced and supplies have advanced.

Mr. HILL. Is labor more expensive than it was ten years ago there?

Mr. McMASTERS. Yes, sir; we pay more wages now than we did then.

Mr. HILL. Stumpage has gone up some?

Mr. McMASTERS. Yes, sir; stumpage has gone up some.

Mr. RANDELL. You say it is a question of life and death with you there. If the United States had been looking out and had taken in the territory now occupied by British Columbia it would have ruined you people?

Mr. McMASTERS. We would not have had our oriental labor.

Mr. RANDELL. It is oriental labor you have to compete with?

Mr. McMASTERS. Yes. In British Columbia the orientals work for a good deal less in the shingle mills than we pay our men.

Mr. RANDELL. I thought you said it took educated labor for the shingle business? Why is it the cost of production of lumber in British Columbia is, as to labor cost, less than in the United States, and when you take shingles, which you say require educated labor,

that there the labor costs more than in the United States? How do you account for that?

Mr. McMASTERS. A Chinaman will pack a thousand shingles for less than an American.

Mr. RANDELL. I understood you to say that, as applied to the lumber industry, they can not compete?

Mr. McMASTERS. I confined myself to shingles. I did not mention lumber. I came here to tell about the shingle industry. I want to tell you as nearly as I can why we can not compete.

Mr. RANDELL. Why is it the cost of labor is more in making lumber than it is in making shingles?

Mr. McMASTERS. You mean just the reverse, do you not?

Mr. RANDELL. Why is the labor cost of lumber in British Columbia less than in the United States, and the labor cost in making shingles more in the United States than it is in British Columbia?

Mr. McMASTERS. I do not know the cost of labor for making lumber is greater in British Columbia than it is in the United States.

Mr. RANDELL. That is not borne out by your knowledge of the conditions?

Mr. McMASTERS. No, sir.

Mr. CLARK. Is the red cedar of Washington anything like the red cedar that grows in the Mississippi Valley?

Mr. McMASTERS. I am not acquainted with the red cedar of the Mississippi Valley.

Mr. CLARK. Do you make the wood of lead pencils out of this red cedar of Washington?

Mr. McMASTERS. No, sir.

Mr. CLARK. What is the reason you can not?

Mr. McMASTERS. Possibly we could.

Mr. CLARK. The lead-pencil cedar seems to be a very peculiar product. The reason I ask that question is to suggest to you that if you can do it, you had better get at it. I read an elaborate statement not long ago in some one of these trade journals that the red cedar, out of which lead pencils is made or which is used in making lead pencils, is almost completely exhausted in the United States, and for that reason that they were advising some kind of manufactured article, or trying experiments to see if they could not make lead pencils from some other product. The red cedar which they use for that purpose is so completely exhausted in the United States that they have gone down into southern Missouri and bought up old fences that have been in use down there for twenty or thirty years and replaced them with the best woven-wire fences they could get in exchange for those old cedar rails. If you can make lead-pencil wood out of your cedar, you will find a new use for it. If you can put it to that use, why do you not get at it and study that question?

Mr. McMASTERS. We will have to do so. I thank you for that suggestion.

Mr. CALDERHEAD. There is a great difference between the two cedars.

Mr. CLARK. What is the difference?

Mr. CALDERHEAD. The cedar which you mention grows two rapidly—that is, the Washington cedar.

Mr. CLARK. What difference does that make?

Mr. CALDERHEAD. It is coarse grained. The cedar in the Missouri Valley grows very slowly and is not coarse grained.

STATEMENT OF D. E. SKINNER, OF SAN FRANCISCO, CAL.

Mr. SKINNER. Gentlemen, it is practically your closing time, and if you want me to say anything, I will say it. I would prefer, however, if you would reverse the order of things and ask me questions for the next ten minutes.

The CHAIRMAN. Oh, no; if you have a statement to make you may make it.

Mr. SKINNER. I represent the Port Blakely Mill Company. I may say that I happen to be a representative of the corporation that has probably enjoyed the largest output of any single concern in the United States in lumber for the last fifty years, especially the largest export.

We have been particularly interested in the export portion of the business, and as this duty applies to that portion of the business, it will appeal to you that a reduction of the duty would probably have little effect on our business, for at least 60 per cent of our business is export business, and we wish to have this protection. The practical result of the thing would be perfectly apparent to anyone studying it, and that would be that any increase in the consumption of lumber or the production of lumber that would be consumed in the United States would force those who are competing with us into other markets, who naturally now ship coastwise, to send a portion of their material into our channels for export trade. We find that our market fluctuates up and down, and follows the market of the East and coastwise trade, just the same and in the same ratio of prices.

I noticed the other day that Mr. Batchelor, who, the paper said, was the chairman, I believe, of the Farmers' Grange, spoke here at a meeting, where he said that the grange wanted everything taken off the protective list that allowed the manufacturer of American products to sell in the United States at a higher price than he sold abroad. I want to say to you frankly we can refute that statement in regard to our business. We ship all our products at least on an average of 20 per cent higher to export trade f. o. b. the mill than we do to the American trade. That can be explained on account of the fact that it takes sometimes a little more difficult sizes, sometimes a little better grade, and to some extent because the material that carries the sap will not stand a long voyage.

Mr. HILL. On that export trade you meet the foreign competition of British Columbia?

Mr. SKINNER. Yes, sir.

Mr. HILL. How do they get 20 per cent more for it than they can at home?

Mr. SKINNER. We all get 20 per cent more for it. We all get 20 per cent more in price. If the price of lumber f. o. b. the mill for shipment east is \$10, I should say without any question the average price for shipment export, f. o. b. the mill, would be \$12.

Mr. HILL. Do you say that 60 per cent of your trade is export trade?

Mr. SKINNER. Our particular mill, understand, exports.

Mr. HILL. Do you export any to British Columbia?

Mr. SKINNER. Oh, gracious, no. We could not carry coals to Newcastle. We ship to Australia, and principally to the west coast of South America and the Orient, and in 1906 we shipped, I think, 12,000,000 feet to New York City, around the Horn.

Mr. HILL. You get higher prices export from Seattle than you get for domestic trade?

Mr. SKINNER. Yes, sir. I live in San Francisco, because we happen to need the facilities for banking and exchange conditions there, and cable conditions, which we can not secure at Seattle.

Mr. HILL. You get 20 per cent more for your export lumber than you do for lumber sold at home, for the same grade?

Mr. SKINNER. Yes, sir.

Mr. HILL. And on that export trade, of course, you meet the competition of British Columbia, so that export prices are 20 per cent higher in full competition with British Columbia, and yet you fear British Columbia shipping into the United States?

Mr. SKINNER. Yes, sir; by all means. If you would encourage that trade, Mr. Hill, you would have an increase of 40 per cent of the product which they can not ship export; to such an extent we would have to find a market somewhere at any price, and it would have to come here. I will tell you frankly I want to distinguish, and I want the committee to distinguish, the difference between the manufacture of lumber and the holding of timber. I am not unwilling to admit that I am a large holder of timber, and I think I have a perfect right to invest in timber, even though I do not own a sawmill. And I think I have a perfect right to own a sawmill, even though I do not invest in timber. I want that distinction made.

Another thing I should like to explain, if I may, is that we have watched this situation for a great many years, and although I am not old enough to have started with the company when it started, we have the history of it still on our books. We know that the increase in population in British Columbia and in the territory that is adjacent to British Columbia is not large enough to increase their output very rapidly. The result will be that we will have that timber there ten or fifteen years from now without any cost to us, and it is a pretty good storehouse for us to keep it in, too.

Other gentlemen have tried to explain to you, and I believe very satisfactorily, the difference in the cost of maintenance of timber reserves on this side of the line and on the other side of the line. I am also frank to admit I think it has been a very good thing indeed that there have been large increased holdings of timber land in private hands. The Government to-day represents probably a quarter, or at least 20 to 25 per cent, of the holdings of timber in the United States. I presume if the Government had gone on and sold that 20 or 25 per cent which they hold under the homestead laws it would have all been destroyed.

Mr. HILL. On that theory, when timber is all cut off in Washington and Oregon you will be in favor of the free admission of lumber from British Columbia?

Mr. SKINNER. No, sir. Those who have timber limits in British Columbia want to occupy this market to-day. I am quite confident, in the case of the big corporations, from all I can learn from my associates and from others, that they are simply figuring on the cruise,

and they have not got 40 or 50 per cent even of the individual statements of cruise.

Mr. HILL. Your idea would be to maintain the duty on lumber to expedite or permit the American product in Washington and Oregon to be cut off, with a view of ultimately having free trade when it is cut off, and letting the British Columbia lumber into the United States.

Mr. SKINNER. No, sir; that is not my idea at all. They will not increase their output proportionately over there, and that timber will remain there, and when it does come here the price will be high enough so that they can pay \$2 or \$3 or even \$5 a thousand duty, and this Government will get something out of the revenue from that lumber that comes here. I do not care what the duty may be, that timber will come here. Kindly understand, too, that we have come in conflict with all the conditions all over the Pacific, and that the Canadian side is not the only side we have to confront.

There is the Yahoo River and the Mexican district, and, in fact, I should like if I could show you that that which lies just across an imaginary line is not the only competition we have to confront.

The CHAIRMAN. We will take a recess until 8 o'clock.

(Thereupon, at 7 o'clock p. m., the committee took a recess until 8 o'clock p. m., Friday, November 20, 1908.)

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 10.

FRIDAY, NOVEMBER 20, 1908.
(EVENING SESSION.)

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1908.

COMMITTEE ON WAYS AND MEANS.

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

JOHN DALZELL.
SAMUEL W. McCALL.
EBENEZER J. HILL.
HENRY S. ROUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
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JAMES M. GRIGGS.
EDWARD W. POU.
CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

EVENING SESSION.

COMMITTEE ON WAYS AND MEANS,
Friday, November 20, 1908.

(At the expiration of the recess, at 8 o'clock p. m., the committee reassembled, Hon. Sereno E. Payne in the chair.)

STATEMENT OF MR. F. H. LAMB, OF HOQUIAM, WASH.

MR. LAMB. Mr. Chairman and gentlemen of the committee, I have come 3,000 miles, apparently to be sheared, and I am willing to take the medicine. I represent the Lamb Timber Company and the Washington Logging Brokerage Company. Both of those companies are engaged in logging. I will state, also, as prefatory to what I desire to say, that I was interested a little in forestry long before I became interested in logging. Some ten years ago I took up a timber claim under the Government and earned enough money to take me to Biltmore for a few months, and there I studied forestry. Since then I have gone into logging work.

You will understand that on the Pacific coast logging is an entirely separate industry from sawmilling, and it concerns the material from which lumber is made only from the forest to the log. Therefore I know nothing regarding lumber and shall not be able to answer any questions along that line. But the point that I wish to make is that on the Pacific coast, from which a very large part of our timber supply for the future must come, there is a differential in the cost of logs as compared with Puget Sound conditions and British Columbia conditions of from \$1 to \$3.50 per thousand in the open market. The timber lies on both sides of an imaginary line, and there must be some reason for that difference in price.

The two factors which enter into the price of logs (which are the chief supply, the first raw material, of lumber) are stumpage, about which you have had so much trouble to-day, and logging cost. I want to state here that I am the owner—I might say one of the monopolistic owners—of stumpage. I own about 100,000,000 feet. Putting that down in ciphers, it sounds awfully large. Figuring it up on the basis of the entire country, I believe I own one ten-thousandth of all the stumpage in the United States, if Mr. Pinchot is accurate in his estimates (which I very much doubt), according to the figures given here this evening.

The stumpage of British Columbia is obtained from the government, as has already been stated to you, and the average price is approximately 75 cents per thousand. Fifty per cent of the purchase price is deferred, and must be paid to the government as a

royalty tax. The other 25 cents is for bonus to an "unearned increment," if you wish to call it such, granted to those who have taken up these leases in the years gone past. The average price of stumpage in Washington is approximately \$2.50 per thousand, making a difference there in the cost of stumpage of about \$1.75 per thousand.

The question of wages as an item of logging cost has been gone into very fully; but I simply wish to state that, in my opinion, the difference in cost of wages between British Columbia and Washington is very small. For a good many positions we pay the same wages. For railroad construction and the cheaper labor it is possible for the British Columbians to employ alien or foreign labor, which we can not do. The cost of supplies in British Columbia, machinery and tools, as has been stated here, is somewhat higher on certain articles, as I happen to know, as I am manufacturing them for the British Columbia market. On other supplies, such as wire rope, railroad material, etc., the British Columbians can buy cheaper than we can. So that, on the whole, so far as regards the actual cost of labor, there is very little difference.

But it is in the position and quality of the timber that the difference in the cost of logging comes. Logging has been carried on in Washington for a great many years, and the timber has receded from the railroads. We have over 1,100 miles of railroads in the State of Washington devoted exclusively to logging purposes. The average haul of the Washington log is probably from 10 to 12 miles; whereas in British Columbia you can go up any of the tidewater streams and sloughs and put it in, and in some cases secure it from the government without any cost other than the royalty tax.

If it is a crime to own stumpage, and if it is a crime to gain any of the increment that comes from stumpage, then we will have to revise our theories of forestry to a certain extent. They taught me at Biltmore that forestry depended upon high prices for lumber—high prices for the product. If I had here Slick's text-book of forestry, I would quote that from it. But I happened to be able to get hold of a statement by Doctor Fernow, who, as you probably know, was at one time at the head of the Forestry Division, in which he says:

It would be difficult for anyone to prove at the present time that the adoption of forestry methods would lead to immediate increase in profits.

That is, in holding and simply letting the land that is cut over remain in its natural state.

We will never succeed—

Quoting further from him—

in persuading the private owner until we have produced the conditions which make it possible to hold forest property uninjured for the long time which is necessary in order to reap the benefits.

Doctor Schenck, of the Biltmore Forest School, and in charge of the Biltmore estate—a trained German forester and an admirable lumberman at the same time, says:

The greater part of practical woods work will be in the line of lumbering, and the lesser part will consist of silviculture, merely because silviculture is not as safe an investment at present, nor is it as remunerative, as lumbering.

These were quotations made at the Forestry Congress, and there was the testimony of others there who were not trained foresters

that forestry in the United States can not be made a profitable business at this time. For what reason? Because the returns would not justify any man in putting his money into the property and guarding it, planting it, or even, where it is not necessary to plant, letting the natural growth take care of itself. Those who stated this were Howard Elliott, J. E. Defebaugh, John L. Call, Frederick E. Weyerhaeuser, and George H. Emerson. I shall not bother to read their language, because it seems so apparent, to me at least, that when you talk about instituting forestry methods in this country to save our timber you must also take into consideration the fact that timber grown under forestry methods will be dearer timber than that obtained by forest exploitation. That is a statement of forestry which no one can disprove.

What else do you mean by "the conservation of the timber of the United States," unless it is growing it under forestry methods in accordance with the ideas of the average forester?

Why am I here to urge the retention of the present duty? It is simply because I believe that it will be the best thing for the lumbering and logging industry of the whole country, and therefore the best thing for the citizens of the country; because we are fourth in rank, and anything that affects us materially will affect all other classes of industry more or less. I wish to state, however, that I believe that the duty on lumber should be retained and that our stumpage should be allowed to receive all the advance that has come to it. And until that time—until the time comes when it reaches a plane where it is profitable to grow it—you will have no forestry or forest conservation on the private lands of the United States. You must remember that over 80 per cent of the forested lands of the United States are in private hands, and they are the ones that will be called upon to furnish the timber supplies of the future.

I have urged this. I am a member of the Washington State board of forestry. We have done a great deal in the past six years in protecting the State from fire. We intend to take up the matter of forestry on State lands during the coming session. But outside of all these things we must look to private lands to perpetuate our timber supply.

If there are any questions regarding conditions on the Pacific coast I shall be glad to try to answer them.

The CHAIRMAN. Does the committee desire to ask any questions?

Mr. UNDERWOOD. You do not advocate an additional duty on logs? You are merely standing for the present duty? Is that it?

Mr. LAMB. That is all.

Mr. UNDERWOOD. The duty on logs?

Mr. LAMB. There is no duty on logs—on lumber.

Mr. UNDERWOOD. There is no duty on logs at present?

Mr. LAMB. No.

Mr. FORDNEY. Mr. Lamb, you have been a logger in the State of Washington?

Mr. LAMB. Yes, sir.

Mr. FORDNEY. Did you leave any proportion of your timber in the forests on account of its not being profitable to take it out?

Mr. LAMB. I believe that in the woods of Washington at least 50 per cent of the cubical capacity of the entire tree is left in the woods.

Mr. FORDNEY. Why?

Mr. LAMB. Simply because we can not afford to take it to market and make a profit on it. We do take a great deal of stuff that we do not make a profit on; and we depend upon the better class of material to even it up. But beyond a certain point, if we take it all, it means only financial bankruptcy.

Mr. FORDNEY. If the price of lumber in the market for the low grades was high enough you could take it clean, could you not?

Mr. LAMB. If it was high enough; and along that line I will cite a comparison between last year and this. Last year logs were selling at from \$10 to \$12 per thousand; this year from \$8 to \$9. Every logger on the coast is leaving in the woods from 10 to 20 per cent of the material that he took out last year, simply because the market will not take that low-grade stuff. If you put it in and take it to market, you can not sell it for anything at all.

Mr. FORDNEY. If the duty is taken off British Columbia lumber and their low grades come into our market, you would either have to leave more of your coarse timber in the woods or stop logging?

Mr. LAMB. That is, granting that it would have any effect upon our prices.

Mr. FORDNEY. Would not a greater supply of the low grades in your market right now have a tendency to reduce prices?

Mr. LAMB. Yes, sir.

Mr. FORDNEY. That is all.

Mr. RANDELL. You stated something to the effect that the material necessary in your business costs less across this imaginary line you speak of; in other words, that in British territory the material costs less than it does in the United States. Did I understand you correctly?

Mr. LAMB. What material is that—stumpage?

Mr. RANDELL. No; cables and chain and so on.

Mr. LAMB. I said that certain items would cost less there.

Mr. RANDELL. What sort of items?

Mr. LAMB. Wire rope and railroad materials, some classes of which are cheaper in British Columbia than in the United States.

Mr. RANDELL. Where is that material purchased?

Mr. LAMB. It is purchased from England, under preferential tariff duties granted to the colonies.

Mr. RANDELL. Is not most of their material purchased from the United States?

Mr. LAMB. Not in those lines. There is scarcely any American wire rope used in British Columbia, excepting when they happen to get out of odd sizes and have to send over for it across the line.

Mr. RANDELL. If the tariff remains as it is will not, in your opinion, the cutting of the timber be faster in your section of the country than it would be if the tariff were taken off?

Mr. LAMB. I did not understand you.

Mr. RANDELL. Would there not be more timber cut in your section of the country if the tariff remains as it is than if the tariff were to be removed?

Mr. LAMB. I believe so; certainly that would be the case if it would have any effect upon American conditions at all.

Mr. RANDELL. Then would there be more or less cut on the Canada side, on the British Columbia side?

Mr. LAMB. There would probably be more there.

Mr. RANDELL. If the tariff was allowed to stay as it is, there would be more than if it is removed?

Mr. LAMB. No. If the tariff was removed it would increase logging and lumbering operations on the Canadian side, especially in cedar, on which they can compete with us even with a 30-cent duty.

Mr. RANDELL. Some gentlemen here have said that the great reserve supply for the country is in that section, on both sides of that line. Do you think it would be better, just as a matter for the good of the country, to adopt a policy that would denude our forests first and leave the reserve in British Columbia, or denude their forests first and leave the reserve with us?

Mr. LAMB. This leads up to the question of whether the British Columbians are going to allow you to denude their forests. Understand that 99 per cent of the timber lands in British Columbia are granted under leases which are renewed from year to year, and the royalty can be fixed at any time, at any year; and it is unreasonable to suppose that the government of British Columbia is going to allow speculators to go in there and reap the "unearned increment," as some have called it, in stumpage. They have increased the stumpage rate, or "royalty," as they call it, on some leases, to 60 cents. If we take off the tariff and make their timber worth as much as ours, \$2.50, the government will undoubtedly raise their royalty, and they will take the benefit of it.

The CHAIRMAN. Are there any further questions? If not, I understand that Mr. Skinner wants to make a further statement.

FURTHER STATEMENT OF MR. D. E. SKINNER.

Mr. SKINNER. Mr. Chairman, I am not at all anxious to make any further statement, except that I might say that I presumed, as you adjourned the session before dinner, that I would have an opportunity to at least offer a few remarks that would complete what I had to say. I will make them just as brief as I can.

The CHAIRMAN. Certainly.

Mr. SKINNER. I am quite as tired as all of the committee are.

The CHAIRMAN. If you desire, we will hear you now.

Mr. SKINNER. Very well, sir. I have some memoranda here that I should like to submit. There has been a statement made here, Mr. Chairman and gentlemen—

The CHAIRMAN. I will say to you that I supposed you had concluded your remarks. The committee had asked you questions, and I thought you were through.

Mr. SKINNER. I beg your pardon, sir; but I asked you if you would not permit me not to have to make my speech in six minutes before dinner. Still, I do not want to extend it very much.

The statement has been made here to-day that the rate of wages in British Columbia and on the other side, especially in the Kootenai country, between the Selkirk and the Cascade ranges, is the same as on this side, or higher; also, that the cost of machinery is practically the same. I cite the committee to the fact that machinery is being constructed in Canada to-day, especially in Hamilton and in other places, by concerns that have been created by concerns on this side, to avoid that duty. They are duplicating their machinery and building it in Canada, for use in Canadian mills, the most of it—at least,

a great share of it—so that they will not have to pay a very large portion of the duty that is supposed to be paid on the machinery that enters into their mill construction.

Also, we have here some pictures in which the committee will, perhaps, be interested; and we would like to have the privilege of having them printed in the record at our own expense. They show the oriental labor; and we also have statements as to the price paid them, and the affidavits of the people who have taken these pictures, showing the amount of oriental labor used in the Canadian mills as compared with those used in the American mills. We have about a thousand orientals in Washington State, I believe; and in Canada there are 60,000. I should judge, from the pictures which come to us well vouched for, that the majority of those used in the mills—in fact, the statements say that probably 80 per cent of the men who are employed around the mills—are orientals. Some of them are Hindus, only earning from 80 cents to \$1.25 per day. We claim that there is a considerable difference in the cost of manufacture, and that we are entitled to a reasonable consideration for that difference in cost of manufacture.

We also want you to understand, Mr. Chairman, that it is a very serious question, even if we could grant that the cost of manufacture was the same on the other side, as to whether the wage should be paid on the other side or on this side of the line; and we urgently request that the conditions shall continue by which the wage can be paid on this side of the line and the timber remain on this side, if necessary.

Before we adjourned a little while ago I stated that Mr. Pinchot's estimate of about 1,400 billion feet of timber was supposed to be made from the cruises of the individual holders, 60 per cent of which, I think, is about what he secured (I do not believe he secured the remaining 40 per cent); and, in addition, the cruises on the holdings of the Government. That does not represent at all, of course, the amount that the land will yield. It is simply the result of the cruise. The Bureau of Corporations came to me and asked me for a statement of the amount of our cruising. I gave it to them very frankly and honestly; but I knew that our cruising would turn out considerably more, and it is always recognized that the cruise is less than the yield.

I understand that the Department of Forestry's statement is that the total consumption in the United States annually is about 150,000,000,000 feet. They jump anywhere from 100,000,000,000 to 150,000,000,000 feet, 40,000,000,000 to 50,000,000,000 feet of which is composed of lumber and shingles; the balance of cordwood and wood for various other purposes. I should judge, from traveling across the continent many times, that the average farmer is growing about all of the wood that is used for his ordinary purposes.

Then, again, more particularly, we wish to call your attention to the fact that when they estimate the amount that is used, they estimate the total cubic capacity of the tree, including the limbs and all; but when they estimate the amount of standing timber, they give you the amount of standing timber which they estimate on the government reserves, and nothing but the cruise, and they give you a portion of the private holdings which they can get. I do not think it is quite fair to estimate the length of time that the timber will last

in the United States by dividing the amount estimated in any such manner.

Our experience has taught us, from our shipments to New York, that the most serious competition we have to expect is from the Yalu River, the Saghalien Islands, from Canada, from Mexico, and from Alaska, into the east-coast States. They have the privilege of the use of foreign bottoms there at a considerably less rate than we have, because we have practically exhausted all of the American vessels that ply between the two coasts, because, of course, you recognize the fact that foreign bottoms are excluded from plying between the two coasts. We ask that we have some protection in consideration of that condition which we shall have to meet in the future, and more particularly when at the end of five or six years the canal will probably be in operation, or at the end of ten years, or whatever the approximate time may be. The Government has promised to have it done within a reasonable time, and we look forward to the time when the operation of the canal will allow the importation of enough wood from the west coast to take care of practically, if necessary, a great share of the demands of the New England States and as far west as Pittsburg and Buffalo on a water rate via the canal, or even now in a foreign bottom via the Horn, at no higher rate than it costs to ship across the country by rail.

We also have to take into consideration the fact that if you have no duty, we are handicapped the difference of practically the amount of the present duty in our coastwise shipments. They have been barred from our coastwise trade, which amounts to 1,250 million feet a year in San Francisco and San Pedro and Los Angeles and San Diego. If they had an opportunity to compete with us in their coastwise trade with foreign bottoms, they could reduce the freight rate at least \$1.25 per thousand—I should estimate nearly \$1.50 on the average—because you can operate a steam schooner much cheaper than you can operate a sailing vessel; and the sailing vessels are carrying the larger part of the trade to-day. If they do monopolize a good deal of that trade, naturally that must force back just so much of the balance that they do take on to the balance of our trade, compelling us to reach into the eastern trade, demoralize the eastern conditions, close our mills, reduce our wages, and probably deprive the 171,000 men that we estimate we are using in the mills to-day on the coast, with all of their families and all of those dependent upon them, of a fair portion at least of their wage and of their occupation.

The CHAIRMAN. I understand that you would like to have those illustrations printed in the record?

Mr. SKINNER. Yes, sir. Can we put these in and have them printed in the record if we have the work done at our own expense?

The CHAIRMAN. We shall not be able to get them in the daily record, because there is not time to prepare the plates.

Mr. SKINNER. Oh, I understand that.

The CHAIRMAN. And I think perhaps you had better make the arrangement with the Public Printer about them, because, as I understand it, the committee have no authority to order any illustrations without the consent of the Joint Committee on Printing of the two Houses. That is the way I remember the law. But there would not be any objection to your making arrangements with the Public Printer and then having them come into the permanent record when

it is printed and bound in a volume. You could not get it in the daily record, of course.

Mr. SKINNER. We wish to thank you, sir, for that courtesy.

The CHAIRMAN. Are there any questions? If not, we will hear Mr. Goodyear, of Buffalo, representing the Goodyear Lumber Company.

STATEMENT OF MR. CHARLES A. GOODYEAR, OF BUFFALO, N. Y.

Mr. GOODYEAR. You said "representing the Goodyear Lumber Company," did you, Mr. Chairman?

The CHAIRMAN. That is what I said.

Mr. GOODYEAR. Oh! I thought you said "trust." [Laughter.]

Mr. Chairman and gentlemen, I want to confess at the outset that I know very little about this most complicated affair called the tariff. I am quite sure that in order to comprehend it, or understand its various provisions and schedules and their relations to each other, I should have to give up all other business which I have and devote myself solely to this one question of tariff and schedules. I am not so egotistical as to think that by reading the bill through I could understand it, or even approach a fair comprehension of it. From my point of view, it is one of the most intricate and one of the most complicated affairs that the Government of the United States has to deal with. And for me to undertake to understand it with what limited time I have would be a work of supererogation. It would be useless. I would not know what I was reading after I got through.

With that premise, confessing my ignorance as I do and my inability to devote the time necessary to even attempting to understand the tariff schedules and their various relations to the different sections of the country, I want to say that, looking at the thing broadly and without attempting to understand details, I believe that as a matter of fairness between man and man, between one line of business and another in our country—the lumber industry—so long as the protective idea is to prevail, should have its fair percentage of protection against foreign importation. This country, by unanimous vote—not by unanimous vote, either, but by emphatic vote—has since 1896 declared that the principle of protection shall prevail rather than that of tariff for revenue only. To be sure, during the last campaign there was a plank incorporated in the Republican platform that was rather more liberal toward the "free traders," as they are called—but unfairly, I think. They are not free traders. They are people who believe in a modified tariff to a greater extent than a great many people do who are members of the Republican party.

I believe there are very few people throughout the country who earnestly and seriously advocate absolute free trade for the country. I believe that there are a very much larger number who sincerely believe that we ought to act upon the basis of a tariff for revenue rather than of a tariff for protection; that the protective idea ought to be eliminated; and that we ought to tax the people upon their importations only for the purpose of getting revenue for the Government.

Looking at the matter in that way, as I have stated, and following out the idea that the people of this country have by emphatic vote declared that the protective idea shall prevail, perhaps, with some modifications, that declaration might be taken. If that is so, here is a large industry in our country which affords the means of liveli-

hood to a very large percentage of our population. It has been stated that it is the largest single industry in the United States, considering it as a whole. Unfortunately for me, I represent a company which is engaged in the manufacture of hemlock lumber in the State of Pennsylvania. I also, with equal misfortune, represent a company which is engaged in the manufacture of yellow-pine lumber in the State of Louisiana. So that I think, without real substantial reason, I am supposed to know something about both the hemlock and the yellow-pine industries. I will state, however, that in the State of Louisiana the company which I represent completed a very large manufacturing plant something like about eight or ten months ago. It was practically ready for operation. We did not put it into operation before because of the very low price of lumber in the country generally. The market would not take it at a fair return of profit. We allowed that plant, which cost us something over two millions and a half of dollars for the plant alone, with the necessary houses for taking care of the operatives and the necessary woods, equipment, etc., to lie absolutely idle, because there was no profit in running it; and we could not even get our stumpage cost back for a considerable length of time.

On the 1st day of September, however, hoping that business conditions would improve, we started the plant. It is now in operation and has been in operation since that time, with the exception of those short periods of time which intervene generally in the starting of a new factory. We had some breakdowns and some things to hinder a continuous operation. But to-day, even with some improvement in the lumber market generally, we find that it is very difficult to get anything more out of the lumber manufacturing industry than merely the cost of the stumpage. That is about all we can get back to-day. But so large a plant as that lying idle is losing money rapidly, and in order to make our taxes and interest charges, etc., we find it to our advantage (or at least it appears to be to our advantage now) to take up some of this stumpage, anyway, hoping that the new era which we assume is now upon us will produce something better than mere cost of production.

Then, again, there are a great many things which a large manufacturer, employing a considerable number of men, has to contend with. About the time that our mill was completed we found that we had a large number of men who had moved into the town and who had assumed that they were going to have continuous work; but we found it necessary to let them go for some time.

The CHAIRMAN. When was it that you completed your mill?

Mr. GOODYEAR. Sometime along last spring; I should say about March, or somewhere along there. We did not start it until September. Of course it is very easy for the unthinking, perhaps, to say that we are nothing but a hard-hearted, soulless corporation that does not care anything about its operatives, nor what their conditions are, nor how unfortunate they are, nor how difficult it is for them to support their families. But I do not believe that sort of sentiment prevails generally among the managers of large manufacturing corporations. I believe that they, on the other hand, have a kindly and tender sentiment toward their operatives, and that they much prefer to see them prosperous and to help them on rather than to see them lacking for the necessities of life. Whatever may be said in

regard, as I say, to the "soulless corporations," I do not believe that such sentiments as I have indicated prevail among the management.

For the purpose of this hearing I do not know that I want to advance any further argument than that, inasmuch as the articles which we consume are nearly all taxed in order to prevent foreign importation—that is, that the protective idea prevails in regard to them—and inasmuch as the rate of taxation now upon lumber is about 12 per cent, which is an extremely low rate, if we should enact laws in this country to-day for the purpose of producing revenue only, I believe there would be that much taxation in any event imposed upon the foreign importation of lumber. When you come to reduce all the schedules down to the basis of a tax for revenue, and consider all of the various lines of manufacture in the country which give employment to labor, it seems to me that the average of taxation would certainly be fixed upon lumber at not less than that which is now imposed upon it, and that in making up these schedules for revenue only the idea of keeping that tax upon lumber would prevail.

I think I have stated all I care to on that subject, and I simply want to call your attention to a few other items, and then I shall be through.

The honorable Mr. Clark has suggested, in a few instances here, that there was great uniformity in the prices of lumber throughout the country. If that is so, I have failed to discover it so far, although I have been in the lumber business something over twenty years. I know perfectly well that there is no uniformity in price in the hemlock business. In the hemlock lumber business our market is confined largely to the Eastern States, and largely in the Eastern States to New England and New York and what are ordinarily known as New York points, covering New Jersey and all that country lying about the North River and the East River and Long Island Sound, and so on.

Just to illustrate the fact that there is no such thing as uniformity in price: We have a sales agency in Chicago for yellow-pine lumber, and the other day our sales agent met a competitor, and said to him: "Let us show up; let us lay our hands down here and see who is getting the most for his lumber." It was agreed, and they each exhibited their schedules. Remember, it is not a question of uniformity in average price, because that would not be fair—there are so many different grades of lumber—but it is a question of uniformity in price of grades. They showed up their hands and their prices and their books, and when they had finished they found that we were getting, according to what the statement showed, a dollar a thousand more than the other fellow was getting. And for what reason? Why, I think we have a smarter salesman than he has. I think he is a sharper fellow. I think he will get out and get trade where the other fellow will not. He will go to a small dealer living back in the country instead of confining himself entirely to the big wholesaler in the large centers; and while his expense will be more, on account of his increased expense of travel, and his traveling men, etc., he gets an average price above that of the other chap, because he seeks the highways and the byways and gets back closer to the consumer.

I will venture to say that if you will take the mills of the South to-day, looking at this one product of long-leaf yellow pine, and take their

books and see just what they are getting for their lumber, you will find an average difference of somewhere between 50 cents and a dollar a thousand; but you will find between the low man and the high man a difference of between two and three dollars a thousand.

Then, again, there is a difference in the reputation which mills get. For instance, one mill gets a reputation of making its grades of very high-class lumber. These grades are somewhat relative. For instance, I have known it to occur that your sales agent was a pretty easy-going sort of a fellow, and he sat with his heels up on his desk in his office at the mill and said to the millman: "Now, you want to make those grades up high. Just keep everything in your high-class lumber; get your grades away up." And when you came to look at it after a time he had a very small percentage of the high-grade lumber as compared with the others. The other fellow had been more active, though his grades were of a lower class. That is, instead of having a large percentage of his A1 price of lumber, the very best there is in the lot, he had a small percentage; and in the next class, and the next, and so on, the whole difference ran through, until that mill got a reputation for selling lumber itself. It did not need traveling men. It was so good that everybody that got its product wanted more of it.

Somebody might say: "Perhaps he was getting more for his lumber," and that would be true; and the other fellow that came along would be selling the same grade as established by the grader, but it was not as good a class as the fellow that made it so much better that it sold itself. There is a great deal of that sort of thing. There is not a uniformity of grade. There is only a uniformity of classification, and the lumber in one class may be a great deal better than other lumber in the same class. And therefore you find that one mill sells its lumber without moving the salesmen out of the office, while the other fellow has to "drum" it hard to get rid of it at all. But the fellow that makes his grades so high is making his average price so low that he is not showing good results on the whole. That also occurs.

I will pass that along. Another suggestion that I want to make is that a lumber operation to-day has a large variety of things to contend with that tend to hold the price down. For instance, there is this competition of concrete or cement with lumber. I saw a statement in a paper that I have been trying most earnestly to find since I left this room, to the effect that, I think it was, five years ago there were some 4,000,000 tons of cement made in this country, and last year there were 48,000,000 tons. Anybody can see that that has necessarily displaced the sale of a large amount of lumber; because in those places where they used to make sidewalks of plank, and build houses of lumber, in a great many instances the lumber has been displaced by cement. Therefore the competition with lumber for building and construction purposes is not confined alone to the lumber itself, nor to the varieties of lumber that exist throughout the country. One kind of lumber competes with another, too. Because you are a manufacturer of yellow pine you need not think that that will not have to compete in some sections of the country with Oregon fir; and because you are a manufacturer of hemlock in Pennsylvania you need not believe for an instant that you will not have the competition of the yellow pine of the South.

Perhaps I am in that somewhat anomalous condition where I am constantly competing with myself, or where one of my companies is constantly competing with another. I know that the yellow pine to-day is being shipped directly into the market which has been for some years dominated by the hemlock trade. So that the lumber competition, the competition in its use, is not confined at all to any one kind of lumber with itself, but the competition may exist in many ways. And I know that even in New York our salesman in Chicago has recently been competing with our salesman in Buffalo, one man selling yellow pine and the other selling hemlock.

Some suggestion has been made here in regard to sawmill machinery and the machinery and appliances which sawmill men use in Canada having been bought in this country and having paid a tax when taken into Canada. I think, upon investigation, you will find that up to date there has been very little of that done. Perhaps in some sections of the country some sawmill man who has been accustomed to some mill man's machinery—for instance, Fyle & Stowell's machinery—may have gone out into the Northwest to manufacture lumber, and being familiar with their machinery he has said, "I am going to buy theirs, even if it costs me a little more." But the number of manufacturers of machinery in Canada has very largely increased in the past few years; and I am told, without being at all definite as to the amount, that the purchase of sawmill machinery in the United States for Canadian use has very greatly fallen off, and that they are buying their machinery now in Canada and a great deal of it in England for Canadian use, and the Americans have lost a good deal of the trade.

We all know, if we stop and reflect a moment, that in connection with railroad lumbering the American Locomotive Company has built a large locomotive plant in Montreal for the very purpose of taking care of the locomotive business in Canada, and lumbermen as a rule now practice railroad lumbering rather than river lumbering.

The CHAIRMAN. How long has that been in operation?

Mr. GOODYEAR. The Montreal plant of the American Locomotive Company?

The CHAIRMAN. Yes.

Mr. GOODYEAR. I should say that had been in operation about two-years. It is a rather recent production there.

In regard to forestry, I was rather impressed with the suggestion made by the honorable Mr. Boutell as to how we should look at this question of the conservation of the forests. He suggested that we should not confine our view of this forestry question to the conservation of the trees and the forests of the United States alone; that we should look at it from a broader standpoint, and not only consider the forests in this country as a source of supply, but consider Canada as a source of supply for this country. As he illustrated it, it was not of great importance to the people of the two countries whether you took off all the trees in the United States first and then relied upon the Canadian supply, or took off the Canadian supply and then relied upon the United States, as the Canadians would do if there were no more forests in Canada. It strikes me that that is absolutely the statesmanlike view of this situation. It is not only a case of Canada itself and the United States together, but we know perfectly well that there are very large and extensive areas of forest land in Mexico as well

as in the United States and in Canada; and when you look broadly at the forest area of these countries as a whole you do not see the day when there will be any danger of a failure of a lumber supply, and this is especially the fact as the use of concrete tends to reduce the use of lumber.

On this subject of forestry, however, I think that when a thorough investigation of it is made by practical men—men that know the industry from actual experience—we shall find that the way to conserve the forests of the country is to take off the product that is now upon the lands and replant them, just as they have done in Germany and in Austria and in many other countries. This going in and taking out a tree here and a tree there and another one here, and so on, of a certain size, is simply going, if that process is continued, to make the price of lumber to the people of this country so high because of the enormous cost of logging and getting your product to the market that it will be impossible for the people to pay the price except in the most limited way.

England was one day a forest-covered country, and now there is hardly a lumber tree growing inside of its limits. You go over there and you see hardly any houses built of lumber. They are built of brick and concrete and other material, and they use very little lumber in their construction. The people have found a way there, notwithstanding that their forests are gone, to get their houses and their buildings quite as conveniently, and, I think, quite as inexpensively, as they do in countries where they still have forests. Probably there is some greater expense, but they make brick and concrete and whatever they need in order to provide themselves with homes and necessary buildings without any very largely increased expense.

I have already spoken much longer than I intended to; and I feel now like the chap who lived up in the North and who in the winter had a very cold room, and he did not like the idea of getting ready for bed and then saying his prayers. So he wrote out a prayer and nailed it to the headboard and jumped into bed and said, "Lord, them's my sentiments." So I now feel like saying to you gentlemen, "I nail Mr. Hines's speech to my footboard and say 'Gentlemen, them's my sentiments.'"

Thank you, sir.

The CHAIRMAN. I suppose there is a good deal more unction in your prayer than there was in the prayer of the man you refer to. It seems to me as though his prayer was rather a formal matter. I do not know whether yours is or not.

Mr. GOODYEAR. Mine is as good as I can make, anyway.

The CHAIRMAN. Now, let us come to something more practical, Mr. Goodyear. You speak about reforestation. Suppose that the Government had constitutional power to compel reforestation; that either the United States Government or the state governments could be brought to pass laws to that effect, and commence at once, how long would it take those forests that were begun now before they produced trees fit for lumber?

Mr. GOODYEAR. I think it would take until about ten years before our lumber is gone.

The CHAIRMAN. When do you expect our lumber to be gone at the present rate?

Mr. GOODYEAR. It may be gone in something like fifty or sixty years.

The CHAIRMAN. Fifty or sixty years?

Mr. GOODYEAR. Yes.

The CHAIRMAN. You do not agree with Professor Pinchot about it?

Mr. GOODYEAR. Oh, not by any means. You see, for I think at least forty years now we have had prediction after prediction that the white-pine lumber would be gone in Michigan in ten years; but they have been lumbering there ever since.

The CHAIRMAN. Of course it would require a good many years to settle the constitutional authority of the Government, and, after that was done, a good many years more to put the law into effect; and even at your rate of reforestation it would it would look as though we would have to resort to concrete and brick and everything else in order to help out the lumber supply.

Mr. GOODYEAR. Oh, no; because some of the States have already begun reforestation—Pennsylvania, for instance.

The CHAIRMAN. I think the State of Maine has done so, and the courts so far have declared the law constitutional.

Mr. GOODYEAR. And the State of Pennsylvania, also.

The CHAIRMAN. But that is a very small beginning in the whole United States.

Mr. GOODYEAR. Pennsylvania is a big place. Pennsylvania has a great area; and they have begun reforestation there. At least, they have begun the purchase of lands in Pennsylvania. They have purchased quite a lot of lands that we owned for reforestation.

The CHAIRMAN. Have the States had to purchase the land and do it themselves?

Mr. DALZELL. That is what they are doing in Pennsylvania.

Mr. GOODYEAR. They are doing it themselves. The State is purchasing land.

The CHAIRMAN. I am afraid that would be a pretty slow process. We have been buying, of course, some land in New York to preserve the forests for a public purpose.

Mr. GOODYEAR. Yes; and then, after you get them, you burn them up.

The CHAIRMAN. That has not resulted in very large progress; but we have spent considerable money.

Mr. GOODYEAR. Yes; and then you have burned up what you bought.

The CHAIRMAN. I am afraid we have, a good deal of it, or somebody else has burned it up and we have allowed them to, which amounts to about the same thing.

You speak about building concrete houses. That industry is hardly an infant yet, is it?

Mr. GOODYEAR. Oh, yes; it is a very vigorous infant.

The CHAIRMAN. It has not progressed very rapidly, has it?

Mr. GOODYEAR. I can show you a house in Buffalo that was built entirely of concrete.

The CHAIRMAN. One house?

Mr. GOODYEAR. I am speaking now of one house; this is one particular house.

The CHAIRMAN. Buffalo is a pretty large city, however.

Mr. GOODYEAR. But just a moment, please. That house was built over twenty-five years ago, and built entirely of concrete.

The CHAIRMAN. Yes; and there have not been many more built since?

Mr. GOODYEAR. Yes; some. I see them along occasionally as I drive about the town.

The CHAIRMAN. I can show you a house that was built fifty years ago, or likely more, and it is standing yet. It cost something to build it, but it was finished off with lumber; and half or two-thirds of the lumber had been used in a common frame dwelling. I am afraid there is a certain dreaminess about that matter of concrete houses on your part.

Mr. GOODYEAR. No; I think you are quite mistaken.

The CHAIRMAN. Perhaps you and I look at it from different stand-points. I have not any lumber interests and you have.

Mr. GOODYEAR. Yes; that makes a difference in the view.

The CHAIRMAN. You speak about the hemlock business in Pennsylvania.

Mr. GOODYEAR. Yes, sir.

The CHAIRMAN. Hemlock is growing scarce in this country, is it not?

Mr. GOODYEAR. Oh, yes.

The CHAIRMAN. We used to get it in our State; but they have moved the mills all into Pennsylvania now from our State.

Mr. GOODYEAR. Oh, no; you have some hemlock mills up in the Adirondacks yet.

The CHAIRMAN. Yes; but in the southern part of the State the hemlocks are all gone.

Mr. GOODYEAR. Oh, yes.

The CHAIRMAN. We used to get that years ago; but the area is constantly getting smaller, and the price of hemlock lumber since a few years ago has been going up.

Mr. GOODYEAR. Yes, sir; until recently—until a year ago.

The CHAIRMAN. Until everything, the lumber business and everything else, went down a year ago with the general stoppage of trade?

Mr. GOODYEAR. Yes, sir.

The CHAIRMAN. What was the price of hemlock twenty years ago—a first-class quality of hemlock lumber?

Mr. GOODYEAR. Such as we make? [Laughter.]

The CHAIRMAN. Certainly; and such as we used to get in the southern part of our State.

Mr. GOODYEAR. I think it was about \$12 a thousand. I am speaking of the New York market.

The CHAIRMAN. How much was it a year and a half ago?

Mr. GOODYEAR. It was about \$17 or \$18 a thousand.

The CHAIRMAN. Not over that?

Mr. GOODYEAR. No. Of course hemlock, like all other lumber, has a variety of prices.

The CHAIRMAN. If I were to buy a load of it at a lumber yard, how much would I have to pay?

Mr. GOODYEAR. All that the retail man could get out of you, I am sure. [Laughter.]

The CHAIRMAN. And that is about how much?

Mr. GOODYEAR. I should think he would get a profit, if he got a fair profit, of somewhere around \$2 a thousand; and he would charge you up, too, for the expense of delivery.

The CHAIRMAN. I should like to come across some such retailer as that if I had to buy hemlock lumber.

Mr. GOODYEAR. I will tell you what I will do—I will sell it to you myself. [Laughter.]

The CHAIRMAN. I think that is all, Mr. Goodyear.

Mr. FORDNEY. There is no prospect for any individual to attempt to reforest land and ever expect to get a profit out of it, on account of the taxes he would have to pay, is there?

Mr. GOODYEAR. The taxes he would have to pay, and the price his logging would cost him if he went to picking out trees in various places—there would not be a semblance of profit in it, in my judgment.

Mr. FORDNEY. If by picking a tree here and there, matured timber, and lumbering it in that way, and being compelled to pile the brush and clean it up as you go, and clean up the land, you eliminated the possibility of fire, the price of lumber to the consumer would be much higher than it is now?

Mr. GOODYEAR. Oh, inevitably; it could not be otherwise.

Mr. FORDNEY. And the consumer would have to pay that, would he not?

Mr. GOODYEAR. I do not see how he could get it without paying for it.

Mr. FORDNEY. Because the lumberman will not operate without a profit, except at such extremely low prices as we have been having for the past year?

Mr. GOODYEAR. That is right, sir. Then there is another feature about it. Suppose this sort of legislation was enacted by States. Suppose the State of Louisiana, for instance, should enact laws of that sort, and the State of Mississippi did not. What sort of an advantage would that give the Mississippi lumberman over the Louisiana lumberman, and the lumberman of Arkansas, and so on? If you go to passing laws restricting manufacturing operations in one State, the manufacturer who is not restricted has a great advantage over the one that is.

The CHAIRMAN. You lumbermen get to talking together about cleaning up against fire. What do you mean by that—cutting the lumber all off?

Mr. GOODYEAR. Piling up the brush and the broken logs.

The CHAIRMAN. And the lumber, and getting it out of the woods?

Mr. GOODYEAR. There is a waste in all lumbering operations.

The CHAIRMAN. Of course if you took it all there would not be anything to burn.

Mr. GOODYEAR. No, sir.

The CHAIRMAN. I can see how that would preserve the lumber and the timber.

Mr. FORDNEY. You are talking about the débris left on the ground after you cut the timber.

The CHAIRMAN. Of course I can see how that would do it. If you remove it all, of course it would not burn.

Mr. GOODYEAR. Under Mr. Pinchot's department we have been conducting some experiments at the expense of our company down in Louisiana.

The CHAIRMAN. Is not that a good deal like tearing down a house to guard against fire?

Mr. FORDNEY. Mr. Goodyear, pardon me a minute. Either the chairman or I misunderstand you. In the sale of government lands there is a condition imposed upon the purchaser by which, when he cuts a tree down and takes the matured timber off government land, he is compelled to clean up the débris he leaves, the tops and the leaves and stuff, and burn it before leaving the land?

Mr. GOODYEAR. That is in Canada.

Mr. FORDNEY. That is what we were talking about.

Mr. GOODYEAR. That is in Canada.

Mr. FORDNEY. No; in this country.

Mr. GOODYEAR. In our country?

Mr. FORDNEY. Out West.

Mr. GOODYEAR. Of course the Government now has a perfect right to refuse to sell its holdings at all if it likes to.

Mr. FORDNEY. That is what we were talking about, Mr. Chairman.

Mr. GOODYEAR. It need not sell its holdings; it can hold its timber for the future if it desires. But all of the lumbermen in this country to-day who have gone into this business have gone into it with the view that there was stability to the law of our land in regard to the right of a man to conduct his own business, as long as he did not interfere with the rights of the rest of the community; and among those rights has been his right to buy a piece of land with timber on it and to take it off and use it in the ordinary way, just as the farmer has a right to buy a piece of land, raise a crop of wheat upon it, take it off and sell it. This timber of the country is nothing more than the crop which that land raises. It is true that it takes more years to mature than it does to raise a crop of grain; but, nevertheless, it is the crop which the land has produced. And the purchaser of that land supposed when he bought it, in all these instances, whether he be a small holder or a large one, that he had a right to use that crop which grew upon his land for his purposes, and to use it for the purpose of making a profit out of it.

The CHAIRMAN. Yes; but one of the gentlemen taking the other side would say that while he had a perfect right to do that, you should not ask the Government to help him. I am only stating to you the argument that they make to see what answer you have to it.

Mr. GOODYEAR. Exactly. If, looking into the matter as a whole, looking at your tariff schedules not as individual schedules, not selecting out one particular thing, but looking at them as a whole, you say: "We do not think it is fair to these lumbermen that they should have even the poor modicum of a 10 or 12 per cent tax upon foreign importations; we do not think it is fair to do that when we look at all of these schedules together." I suppose that, in your wisdom, when you come to consider all these things, if you look at it in that way, you will cut the tariff off or you reduce it, or do something with it.

The CHAIRMAN. I am not making the argument in reference to deforestation my own.

Mr. GOODYEAR. I know that.

The CHAIRMAN. I am simply stating to you the argument that is presented, and asking you for an answer to it from your standpoint.

Mr. GOODYEAR. Since 1896, when the prince of high tariff was elected President of the United States, we have thought that so long as the Republican party was in power we were reasonably safe in the protection of our property interests.

Mr. CLARK. Do you not think so yet, notwithstanding the fact that they have promised to revise the tariff? [Laughter.]

Mr. GOODYEAR. I think that they intend in some fair degree to carry out their promise.

Mr. CLARK. You are not uneasy about what is going to happen to the lumber trade, are you?

Mr. GOODYEAR. I am a little anxious, although I hope that good sense will prevail when you come to consider the matter. [Laughter.]

Mr. CLARK. You mean by "good sense" some kind of an arrangement to tax everybody for your benefit?

Mr. GOODYEAR. I do not, sir.

Mr. CLARK. But you have called it a tax. You have been honest enough to do that.

Mr. GOODYEAR. Yes, sir.

Mr. CLARK. If somebody collects a tax somebody pays a tax, does he not?

Mr. GOODYEAR. I have found it so in my business.

Mr. CLARK. The truth about this concrete business is that you all put up the price of lumber so high that it gave the concrete men the opening to get their material on the market.

Mr. GOODYEAR. Is not that a good thing for the country?

Mr. CLARK. I know; but what are you complaining about them for if you did it yourself?

Mr. GOODYEAR. Who is complaining?

Mr. CLARK. You were explaining that the concrete business was crowding you people out of the lumber business.

Mr. GOODYEAR. I was explaining, but I was not complaining.

Mr. CLARK. There is very little difference. [Laughter.] There is very little difference. The truth is that you regard everybody that wants to change these tariff rates as a demagogue and an anarchist, do you not?

Mr. GOODYEAR. No, sir; I do not regard any member of this committee in that light. [Laughter.]

Mr. CLARK. If there is no agreement about prices, if there is no trust, then what put that idea into the head of President Roosevelt and Attorney-General Bonaparte?

Mr. GOODYEAR. I was not there when they opened their heads.

Mr. CLARK. That is very smart, but it is not very satisfactory.

Mr. GOODYEAR. Does it not answer your question?

Mr. CLARK. No; it does not answer my question.

Mr. GOODYEAR. Then I do not know.

Mr. CLARK. Roosevelt is President of the United States, and a Republican President.

Mr. GOODYEAR. Yes, sir.

Mr. CLARK. And Bonaparte is a Republican Attorney-General of the United States.

Mr. GOODYEAR. So they say.

Mr. CLARK. So they say?

Mr. GOODYEAR. Yes, sir.

Mr. CLARK. I guess he is, or he would not be in there. At any rate, I am glad he is out of the Democratic party.

Mr. GOODYEAR. You and I agree about that.

Mr. CLARK. What put it into their heads that there is a trust?

Mr. GOODYEAR. Into whose heads?

Mr. CLARK. Roosevelt's and Bonaparte's?

Mr. GOODYEAR. I did not know it was in their heads that there is a trust.

Mr. CLARK. Did they not start out to prove that there was one?

Mr. GOODYEAR. They sent some investigators out to find out if there was one.

Mr. CLARK. Yes.

Mr. GOODYEAR. But I do not know that they have ever said that there was one.

Mr. CLARK. Do you not think that you miss one of the principal benefits that is supposed to be derived from reforestation? You never mentioned the fact that the cutting off of all the timber at the heads of these streams is going to dry up that whole country, as it did Spain for the same reason, and that the cutting off of all the forests at the heads of the streams produces these floods every year.

Mr. GOODYEAR. Does it produce the droughts?

Mr. CLARK. Yes; it produces the droughts.

Mr. GOODYEAR. I do not see it that way.

Mr. CLARK. It is a fact that is recognized by every scientist in the world that the reason that Spain dried up was that they cut the forests off the mountains. Spain at one time was just as fertile as the district I represent—one of the most fertile districts in America, lying between two great rivers—and two-thirds of it has dried up so that they can not raise anything in it. That is one of the reasons that these people claim, and I claim along with them, that this reforestation ought to be done by somebody. That being the case, the only thing to determine is who is the proper person to do it.

Mr. GOODYEAR. Mr. Clark, I do not want to be impertinent or say anything that is offensive, but when we get to crossing swords a little, you know sometimes a fellow lets a thing fly that he does not mean to have taken seriously. How about the treeless States? Have they all dried up—Illinois, Indiana, and so on?

Mr. CLARK. No; but they are drying up.

Mr. GOODYEAR. Is it because the forests are cut off?

Mr. CLARK. Yes, sir.

Mr. GOODYEAR. Where?

Mr. CLARK. Illinois did not have very much timber, but Missouri and Iowa and Ohio were thickly timbered countries.

Mr. GOODYEAR. Yes; but how about Illinois and Indiana and Iowa and Nebraska and all those States which never had any trees that we know of?

Mr. CLARK. They were benefited by the trees up at the heads of these streams.

Mr. GOODYEAR. But what about the streams that do not head up there? They have lots of rivers that are not dependent for their headwaters upon the Rocky Mountains.

Mr. CLARK. I know; but in addition to preserving what water falls, the theory is—and I suppose it is correct; it seems to be ac-

cepted by every scientific man on earth—that the trees produce moisture in the atmosphere, and that ultimately produces a precipitation of rain or water.

Mr. GOODYEAR. Well, you know the scientists have been wrong in a good many instances.

Mr. CLARK. I know they have been wrong a great many times, but they generally manage to get around to what is right at last.

Mr. GOODYEAR. When the facts demonstrate that they are wrong they acknowledge it.

Mr. CLARK. This competition that you as a hemlock man carry on with yourself as a yellow-pine man is a sort of a friendly competition, is it not?

Mr. GOODYEAR. Not a bit. One has not any more to do with the other than you have to do with either one of those propositions.

Mr. CLARK. No?

Mr. GOODYEAR. Not a bit.

Mr. CLARK. That is, you are trying to cut your own throat in business?

Mr. GOODYEAR. No, sir.

The CHAIRMAN. Mr. Goodyear, as I understand the theory of the scientists, it is this: That by preserving the forests and leaves on the ground, and what mold has formed from them from year to year, and the shade, you produce a sort of a reservoir which holds the moisture back; and finally it runs down and percolates through the sod that is there, or whatever you call it, and gets down into the streams, and that that delays the falling into the streams of this rain after it is precipitated.

Mr. GOODYEAR. Yes, sir.

The CHAIRMAN. It holds it back, as a sort of a reservoir. That is the theory I have seen, and I think that is unanswerable.

Mr. GOODYEAR. If that theory is true, then in the State of Pennsylvania, if anybody will go up there to look at the timber lands over which we have lumbered, they will find that there is a thicker mat of roots and leaves on the ground to-day than there was before we cut the timber off. Before we cut the timber off the trees were perhaps 10 or 15 or 20 feet apart; but all of those hills have grown up into a thick mass of undergrowth now, the roots of which extend over the ground much more fully.

The CHAIRMAN. That is where they did not cultivate the ground, but if they cultivate the ground there are not any roots or any undergrowth or anything of that kind; then there is no reservoir there. The soil is lightened, and drains off very easily, and the water goes off. Is not that true?

Mr. GOODYEAR. The water perhaps runs off very rapidly, but I will tell you—

The CHAIRMAN. There is another question I want to ask you: In the Philippine Islands I found that the Spanish laws in force before we took possession of the islands provided that no trees should be cut except mature timber, leaving the others to grow up. They did not go through and slash down everything, as our people do, and clean it up, but simply cut the large trees. I understood that that was the law under Spain itself.

Mr. CLARK. I will tell you about that, Mr. Chairman.

The CHAIRMAN. I am asking Mr. Goodyear; I will ask you later. I understand that that was the law also in Germany, and that in that way they were preserving the forests in those countries, and deforestation was not taking place as rapidly as it is in this country—which is the most rapid of any place in the world for deforestation or anything else, as I understand.

Mr. GOODYEAR. Yes; everything we do is rapid.

The CHAIRMAN. How would such a law as that operate in this country if we had the constitutional authority to compel them to cut only the large trees?

Mr. GOODYEAR. It would operate, in the first place, to establish the principle that you have a right to interfere with a man's private property.

The CHAIRMAN. I say provided we had the right, as they have there, to pass such a law?

Mr. GOODYEAR. Furthermore, you would increase the cost of lumber to the consumer.

The CHAIRMAN. At once, probably we would.

Mr. GOODYEAR. Yes, sir; at once.

The CHAIRMAN. But if that preserved the forests through a series of years, it would maintain a steady price through those years, would it not?

Mr. GOODYEAR. I do not know.

The CHAIRMAN. The price is increasing when we do not do that?

Mr. GOODYEAR. Yes.

The CHAIRMAN. Simply because you are cutting off the stumpage in the country?

Mr. GOODYEAR. Exactly.

The CHAIRMAN. And every year, on the apprehension (either real or created by the lumbermen) that we are going to run short of timber before a great many years, the price goes up.

Mr. GOODYEAR. Yes.

The CHAIRMAN. And it gets abnormal.

Mr. GOODYEAR. I do not think it is abnormal.

The CHAIRMAN. If we had such laws as that, and could preserve the timber and use only the matured timber for lumber, and let the other grow up before we used it, it would make a more steady supply; and in the centuries to come the price would be on the level all the way through, and the average of it would be much less than the prices as you gentlemen kite them up by cutting off the timber so fast.

Mr. GOODYEAR. You say the price has increased abnormally. I should like to have you look at the figures that were presented to you here to-day as to the increase in the price of steel and clothing and various other things that we use.

The CHAIRMAN. I have looked at those figures before; and what Mr. Hill read showed an abnormal increase in the price of lumber.

Mr. GOODYEAR. It is not abnormal unless all of the increases are abnormal.

The CHAIRMAN. Oh, it was greater than anything else.

Mr. GOODYEAR. It was simply the result of the demand of the people for greater supplies of lumber as well as for steel, which made it possible to maintain the price of steel rails at \$28 during all the depression.

The CHAIRMAN. So far as steel is concerned, there is a supply for a great many years to come.

Mr. GOODYEAR. So there is in lumber.

The CHAIRMAN. And more being developed. But the lumber is all on top of the earth, and they can see what there is of it; and the supply is limited, as you say. The supply of hemlock is cut off in our State, and is being cut off in Pennsylvania. There is not much hemlock left?

Mr. GOODYEAR. Not a great deal.

The CHAIRMAN. It is decreasing in amount all the time. Now they have gotten at the southern pines, and they are using them up very rapidly.

Mr. GOODYEAR. They have gotten at the Pacific coast, too.

The CHAIRMAN. And the Northwest. I do not mean beyond the Rocky Mountains, but what we usually call the Northwest.

Mr. GOODYEAR. The same condition prevails there.

The CHAIRMAN. They are cutting it off very rapidly there?

Mr. GOODYEAR. They are cutting it off there.

The CHAIRMAN. They are doing a pretty big business beyond the Rocky Mountains in that way?

Mr. GOODYEAR. Yes, sir.

The CHAIRMAN. I know that they were in 1899; and they have been doing their share of it ever since.

Mr. GOODYEAR. Oh, they have been busy.

The CHAIRMAN. So it looks as though the supply was being cut down.

Mr. GOODYEAR. The supply is being cut down. The growth does not occur so rapidly. But the time has come to-day, I believe, for these various States to undertake this question of reforestation. They have done it in New York; they are doing it in Pennsylvania; they are doing it in Maine, and I do not know in how many other States.

The CHAIRMAN. If New York does not progress any faster in that direction than she has for the last ten years, it will be a hundred years after you and I have passed away before the timber begins to make any sensible increase.

Mr. GOODYEAR. If we die within any reasonable time, I suppose that will be so.

Mr. UNDERWOOD. Let me ask you just one question on this matter of reforestation that you are talking about: You have had experience both in the North and in the South?

Mr. GOODYEAR. In lumbering.

Mr. UNDERWOOD. Yes; in lumbering. If the state governments were to pass a law exempting from taxation for a period of years land that was devoted to reforestation, do you think that would induce private owners to attempt to reforest their lands?

Mr. GOODYEAR. I do not think so. I think they would prefer to sell the lands at a very low price to the State and let it carry on that business. That is because the States are organized for it; they have their departments, and it is not a business that—

Mr. UNDERWOOD. You do not think that would be sufficient inducement?

Mr. GOODYEAR. No; I do not think so. You see the lumbermen up in Pennsylvania, for instance, selling their land as the timber is cut off at from \$2 to \$2.50 an acre.

Mr. FORDNEY. Mr. Goodyear, I want to ask you a question, please. Mr. Hill showed some statistics here a little while ago to the effect that the increase in the price of lumber in the market far exceeded anything else produced in this country that he mentioned.

Mr. HILL. I gave you all that was in the tables.

Mr. FORDNEY. Whether it contained everything or not, I want to say this—that it is not true that lumber has increased in price in the past twelve years any more than farm products have. Is not that right?

Mr. GOODYEAR. I think that is correct.

Mr. FORDNEY. In the State of Michigan I know that farm products to-day bring more than twice what they did in 1896; and that is not true of lumber.

Mr. GOODYEAR. Yes; and, furthermore, while people talk about the increase of lumber, the increase is very largely in the stumpage—in the trees standing on the land.

Mr. FORDNEY. That is right. Mr. Goodyear, about when did you make your purchases in Louisiana—when did you begin?

Mr. GOODYEAR. I think we began something like about five or six years ago.

Mr. FORDNEY. But it is all since 1896. Mr. Goodyear?

Mr. GOODYEAR. Seven years ago, say.

Mr. FORDNEY. You made all of your purchases there under this protective tariff system?

Mr. GOODYEAR. Yes, sir.

Mr. FORDNEY. You believed that the Republican party proposed to protect your industry, as they had promised to do in the various platforms, when you made those purchases?

Mr. GOODYEAR. Certainly; we would have had no idea of doing it otherwise.

Mr. FORDNEY. If, now, we remove that protection while you are in the process of manufacturing and disposing of that product, you have been buncoed by the Republican party, have you not?

Mr. GOODYEAR. I am afraid I would give offense if I said so.

Mr. FORDNEY. Yes, sir; that is all.

Mr. GOODYEAR. There are quite a number of Republicans here.

Mr. HILL. Since the tariff of \$2 was put on, twelve years ago, has not a new factor been introduced into the problem by the wood-pulp and paper industry?

Mr. GOODYEAR. The wood-pulp and paper industry absorbs a large amount of the spruce of the country.

Mr. HILL. And a very large amount of other kinds of lumber besides spruce, does it not?

Mr. GOODYEAR. Up in Pennsylvania we have a pulp and paper mill using hemlock entirely.

Mr. HILL. Yes; and they use still other woods besides hemlock and spruce, do they not?

Mr. GOODYEAR. No; I think not. They use hemlock alone.

Mr. HILL. Whatever they use, whether it is hemlock or spruce, it has to be replaced by some other kind of lumber; so it does not really make any difference what the material is that they use, does it?

Mr. GOODYEAR. Oh, yes—some other kinds.

Mr. HILL. Is not that an important factor?

Mr. GOODYEAR. I should say it was.

Mr. HILL. Yes.

Mr. GOODYEAR. In the lumber industry we have perhaps gone to a greater extent than usual in endeavoring to find ways for utilizing the waste that comes off the land. For instance, in Pennsylvania we induced a paper and pulp manufacturer to come in, and made him an exceedingly low rate of transportation to get the refuse on the land to his pulp mill and convert it into pulp, so that what used to be left there and was burned up and rotted and was destroyed is being put to some good purpose—that is, it is being made into an article that is useful to the people. In the South we have had a government station trying to find some way to preserve timber by various processes—the creosote process, and the sulphite of zinc process—which will tend to prolong the life of timber, and in that way reduce the amount required.

Mr. HILL. Yes; but that is an old process which has been in operation for twenty-five or thirty years to my certain knowledge.

Mr. GOODYEAR. Yes; but the Government is still experimenting to find out some cheaper method than that of putting the timber in tanks and then applying some pressure and heat to it.

Mr. HILL. With reference to the enormous quantities of lumber used for wood pulp and paper, I want to call your attention to this fact in regard to these figures which I gave a few moments ago—that while every other one of these schedules shows ups and downs in the prices and in the advances, and not a steady increase, the lumber increase was as follows—and it will not take but a minute to give the figures—95.8, 105.8, 115.7, 116.7, 118.8, 121.4, 127.7, 141, 146.9—a steady advance, right straight along, every year, without a break. Has not the wood-pulp question got something to do with that?

Mr. GOODYEAR. Yes; I think it has. They have used a very large amount of spruce timber in the manufacture of wood pulp, and it has affected the supply somewhat.

Mr. HILL. I understand that your theory is that in view of this enormous increase in wood pulp for building purposes that you advocate that the lumbermen of the country should be allowed, first, to clean off the forests of the country, and then that the Government should step in and take the land thus cleared and reforest it.

Mr. GOODYEAR. Yes; and they will get it at a very low price. And I want to say, further, that in order to utilize this wood and waste that comes from the sawmills, within thirty days we sent a man to France to investigate the methods employed over there to utilize the products that are left in the shavings and in the sawdust that comes from these mills.

Mr. CALDERHEAD. Have you a sales agency in Kansas City?

Mr. GOODYEAR. No, sir.

Mr. CALDERHEAD. Do you sell there at all?

Mr. GOODYEAR. Well, our general sales office is Chicago. Salesmen go out to Kansas City, but we have no office in Kansas City.

Mr. CALDERHEAD. Do you know anything about the sales that are made in Kansas and Nebraska?

Mr. GOODYEAR. I don't know about the details of the sales. I only know what the general results are.

Mr. CALDERHEAD. That makes me ask you, is it a prevailing opinion out there that there is an agreement between the mill owners or the wholesale dealers to apportion out the whole territory that each man

shall occupy, and then fix the prices at which the retail dealers shall sell?

Mr. GOODYEAR. Well, if there is such an agreement, I want to state just as emphatically as I can state, that I never knew of such a stipulation or understanding between lumbermen that anything of that sort should prevail.

I do not understand that there is any law in the land that prevents one lumberman from speaking to another and asking him what he is getting for his lumber. But so far as saying to him, "We will stand by that schedule, or this, and we won't vary from it," I do not believe such an agreement is in existence in the United States.

Mr. CLARK. In other words, you do not believe there is a trust in America, do you?

Mr. GOODYEAR. I think there are some things that they call trusts.

Mr. CLARK. Each one of them in turn would deny that there was a trust.

Mr. GOODYEAR. Oh, no; I don't think so. I don't know what a trust is. If anybody will define what a trust is I will be glad to know, so far as I am concerned.

Mr. CLARK. The Hon. Thomas B. Reed, of Maine, defined it as a very small number of very rich men entirely surrounded by water. That was his definition.

Mr. GOODYEAR. Do you think it was a good definition?

Mr. CLARK. Yes; I think it was a very good one. I want to ask you a question. Mr. Fordney asked you if you did not enter into this business down in Louisiana on the implied promise of the Republican party that they were going to keep this tariff on, and that if they took it off you would feel like you were being buncoed, and you said "Yes." Now, if the fellows out here that voted the Republican ticket this fall on the promise, or what they thought was a promise, from the Republican party to revise the tariff down, find out that it is not going to be revised down, but is going to be kept where it is, then do you not think that they would feel like they had been buncoed?

Mr. GOODYEAR. I do not think they put that in there. I do not think they promised to revise it down.

The CHAIRMAN. Do not let us have a joint debate on the tariff question.

Mr. CLARK. Now, you are losing money; all the lumbermen, according to the general statement they make, are losing money.

Mr. GOODYEAR. I beg your pardon, sir.

Mr. CLARK. If your statements did not mean that, I could not tell heads or tails of it.

Mr. GOODYEAR. It does not mean that.

Mr. CLARK. Does it mean that you want the tariff or not?

Mr. GOODYEAR. I don't want it put up.

Mr. CLARK. You want it to stay like it is?

Mr. GOODYEAR. I think as long as the protective principle prevails in this country that the protective tax that prevails as to lumber is no more than a reasonable tax as to that industry.

Mr. CLARK. Did you not state that you had a two-and-a-half million dollar plant down there that you had not been running because you could not sell the lumber?

Mr. GOODYEAR. Could not sell it at a profit.

Mr. CLARK. Well, if you could not sell it at a profit you could not run it, and you would be losing the interest on the investment?

Mr. GOODYEAR. Yes.

Mr. CLARK. That is, running at a loss?

Mr. GOODYEAR. It does not make any difference whether it runs or not—that is a loss.

Mr. CLARK. That is a loss?

Mr. GOODYEAR. Yes.

Mr. CLARK. If all the other lumbermen are in the same fix that you are in, how does it happen that the Dingley law does not make you prosperous?

Mr. GOODYEAR. I do not know. It is because of general conditions throughout the country. It is, perhaps, because the railroads, for instance—they are very large consumers of lumber, and perhaps the largest in the country as a class, and they have stopped buying anything. They did not buy locomotives or cars or lumber or anything else; they were not in the market for those things.

Mr. CLARK. You simply shared in the general depression of business?

Mr. GOODYEAR. We did at that time; yes. Now that there is a prospect of better times——

Mr. CLARK. The truth about that is that all these lumbermen that came in here and testified as to this lumber have picked out the worst year in the last eleven years to make their case on; is not that the fact?

Mr. GOODYEAR. I think they have had some other pretty tough years, and it not all that beautiful glowing dream that some people would like to have the lumber business considered. We are not all prophets, able to determine what is coming to us in the future, and we have a great many things to contend with. We in the lumber business have almost every element in nature to contend with and to overcome in order to succeed.

STATEMENT OF MR. B. L. McCORMICK, OF TACOMA, WASH.

Mr. McCORMICK. Mr. Chairman and gentlemen of the committee——

The CHAIRMAN. You represent the Weyerhaeuser Lumber Company?

Mr. McCORMICK. I was sent here by the Pacific Coast Lumber Manufacturers' Association. I am connected also with the Weyerhaeuser Timber Company. Our association represented the timber and lumber manufacturing interests of the State of Washington.

I hardly know what to talk about——

The CHAIRMAN. You think the subject has been pretty exhaustively covered, do you?

Mr. McCORMICK. Quite exhaustively; yes, sir.

The CHAIRMAN. If you have anything new to offer we will be glad to hear it.

Mr. McCORMICK. I think the subject has been quite well covered. I was invited to come here. I think the question seems to be whether the States need the protective duty to protect them against the competition from the other side of the line. Have the labor conditions

with respect to the two countries been presented by Mr. Skinner or anybody else?

A VOICE. Yes.

Mr. McCORMICK. They have? All right.

We base our contention on the difference in conditions, the difference in values, and we base our statement that the tariff is necessary on the fact, first, that the timber, the base of the lumber proposition, costs us more money on this side of the line than it does on the other, and it is eminently proper that a legislative body on this side of the line should take up this question, for that is a public question.

The difference in conditions is on account of the difference in the policy of the Government on this side of the line and the policy of the government on the other side of the line. This side of the line, the Government sells her property, sells it to the purchaser, sells it in fee simple. On the other side of the line the policy, as to the greater part of the country, and especially as to the timber, is for the government to retain the title to the property and lease it to the operator, which is the best for the operator.

I think I could say to-day that if I had no investment on either side of the line and there was any possibility of this Dingley tariff not being maintained, that I would get out of this city as quick as I could, and go up there and buy what stumpage there was on the other side of the line before somebody else got it; because the policy of that government is so liberal that it does not require money, to any extent, to acquire interest in timber. On the other side of the line, while you have to pay a nominal tax each year, it is not as great a tax as we pay on this side of the line.

The government furnishes the capital on the other side of the line, and you pay your principal when you cut your timber, 50 cents per thousand, any time within twenty-one years, while on this side of the line you put up all your money and carry it and pay your taxes on it, and have your investment, requiring a large amount of money.

I think I would much prefer to do business on that side of the line, if that was the only consideration.

We have our timber on this side of the line because we like the policy of this Government, because we were brought up on it, and we know that in many conditions it is better for us, something we could rely on, than to go to any foreign country and do business, and I personally like the idea of owning the land, not for its value, because there is not so much value in denuded timber land, but in this country wherever the lumberman goes and acquires a title to land, whether it is through preemption, scrip land, through the purchase of homesteads, or in any other way, development of the country follows; it is the individual property of somebody and the lumberman buys it or the citizen buys it, and from that starts a home, and there starts a center for citizenship that is continued and made permanent, and the little red schoolhouse follows the development of the lumberman, under the laws here, while on the other side of the line there is nothing of that kind, but it is a waste that goes back to the Government and civilization is not extended and made permanent.

As to the wages paid on the two sides of the line, I have not investigated that question this season, but heretofore when I have investigated it I have found the balance against us—that it costs more for wages on our side of the line than it does on the other side of the line.

We claim to employ Americans only. I ran for office once, and I came pretty near getting beaten because a concern that I had some friends connected with over in British Columbia employed Japanese labor. They could not do it safely on our side of the line, and they do not want to, but they do it over there, and they employ Chinese labor, and they employ Hindu labor, and it is very rare that you see anything of that kind on this side of the line, and I have never seen anything except a few Japanese employed.

But in these pictures that were shown here, I presume by Mr. Skinner, in one picture there were shown the Hindus at rest, between the times they were occupied in labor, and across the breasts of some of those veterans of the war there were the British medals of valor, and those lumbermen have got to keep those people there. We send them back, but these men I refer to are British citizens and they can not be sent out of the country, and they are going to be a menace to labor on that side and a menace to labor on this side.

This is rather political in its turn. I want to say to the Republican members of this committee that if the voters in Oregon, California, and Washington had had any idea that there would be danger of having free trade in lumber in the event of Republican success they would have voted the Democratic ticket. Bear that in mind. I did what I could, and my friends did what they could. I am a Republican, and always have been, and I did it willingly, but I would not have voted the ticket if it had been committed to a ticket of free trade.

Mr. HILL. Do you export any lumber?

Mr. McCORMICK. Yes, sir.

Mr. HILL. Where to?

Mr. McCORMICK. Australia.

Mr. HILL. Do you export any to British Columbia?

Mr. McCORMICK. British Columbia? No, sir. That would be shipped by rail.

Mr. HILL. There is a good deal exported to British Columbia from Washington. But you do export to Australia?

Mr. McCORMICK. Yes, sir.

Mr. HILL. You meet British Columbia competition?

Mr. McCORMICK. Yes, sir.

Mr. HILL. Are you able to meet it?

Mr. McCORMICK. Yes, sir.

Mr. HILL. And you have been meeting it right along in Australia?

Mr. McCORMICK. We do not do business there all the time, but we do sell more or less.

Mr. HILL. Why could not you meet it just as well in any other place in the United States as to meet it in Australia?

Mr. McCORMICK. Well, we do not have to keep a regular business going in Australia. We can take an order any time we are out of business elsewhere and sell it for a little less than we ordinarily sell it for, in order to keep our mill running.

Mr. HILL. But you do meet in an equal competition and in the same kind of product and continue business right along, do you not?

Mr. McCORMICK. No; we shut down quite frequently. We have shut down during the past year.

Mr. HILL. Puget Sound is a large exporting point for lumber, is it not?

Mr. McCORMICK. Yes, sir; it is.

Mr. HILL. The largest——

Mr. McCORMICK. Not the largest. Columbia River ships a very large amount of lumber to China.

Mr. FORDNEY. The sales of lumber that you make in Australia are sales of your high grades, not your low grades, are they not?

Mr. McCORMICK. Yes. We do not ship any low-grade lumber to the export trade.

Mr. FORDNEY. You can come nearer competing with British Columbia in the United States on high grades than you can on your low grades, can you not?

Mr. McCORMICK. Yes. We can compete anywhere on our high grades.

Mr. FORDNEY. That answers as to Australia. You only compete in Australia on high grades?

Mr. McCORMICK. Yes.

Mr. FORDNEY. Your low grades are what you lose money on, and it is on low grades that you want your American market preserved, is it not?

Mr. McCORMICK. Yes, sir.

Mr. HILL. As a matter of fact, do you not ship all kinds of lumber to Australia——

Mr. McCORMICK. No; we do not.

Mr. HILL. And to the Philippine Islands and Japan?

Mr. McCORMICK. No, sir. We have not shipped to the Philippine Islands. Australia is the principal market we have shipped to in that part of the world.

The CHAIRMAN. Do you not ship low-grade lumber to Australia?

Mr. McCORMICK. We do not.

The CHAIRMAN. That answers that question, then.

Mr. HILL. What do you mean by low grades; do you mean merchantable timber? I do not suppose you ship mill culls to Australia; but do you not ship scantling and 6 by 6 and 12 by 12?

Mr. McCORMICK. We ship timber, but I do not call that low grade.

Mr. HILL. Neither do I. Of course you do not ship culls.

The CHAIRMAN. Are there any further questions?

Mr. CLARK. The supply of timber in the United States is rapidly running short, is it not?

Mr. McCORMICK. I have heard some deny that that is the case.

Mr. CLARK. Is your name R. L. McCormick?

Mr. McCORMICK. That is my name.

Mr. CLARK. You read a paper on that subject before the Mississippi Lumbermen's Association, did you not?

Mr. McCORMICK. Mississippi Valley? What date was it?

Mr. CLARK. I can not tell you the exact date, but I have it here in a printed document, a document which was printed in 1903. Is that your article?

Mr. McCORMICK. Yes, sir. Well, I am older now than I was then.

Mr. CLARK. That is very witty, but there is less timber now in the United States than there was then.

Mr. McCORMICK. Yes, but my information is better now.

Mr. CLARK. You recant this article, then?

Mr. McCORMICK. I have not read it.

Mr. CLARK. You know what it is?

Mr. McCORMICK. In a general way.

Mr. CLARK [reading from an article entitled "The exhaustion of the lumber supply," by R. L. McCormick, president of the Mississippi Valley Lumbermen's Association and secretary of the Weyerhæuser Timber Company, published in a bulletin issued by the United States Department of Agriculture, Bureau of Forestry, Circular No. 25, under date of June 11, 1903].

Every man in the lumber business to-day whose dealings are of sufficient extent to be subject to influences beyond those of purely local demand and supply realizes that the lumber industry is in many regions surrounded by a growing scarcity of available timber. Statistics point to it. Estimates of timber resources still remaining point to it also. But the strongest proof lies in the conditions which already affect our industry.

That is paragraph No. 1 of your article. Do you recall that now?

Mr. McCORMICK. Yes; I thought that was quite a sentence when I wrote it.

Mr. CLARK. Did you understand that when you wrote it?

Mr. McCORMICK. Yes; I did partially.

Mr. CLARK. You have not learned very much in five years, have you?

Mr. McCORMICK. Well, I rather think I have.

Mr. CLARK. Let me read you another sentence [reading]:

We have reached the point now when we are unable to supply the enormous demand for lumber which we have fostered. We must look to the production of a second crop upon lumbered lands, or prepare to stop lumbering when the first crop is gone. In the old days it was easy to lumber one forest and then turn to another. To-day, however, we can not count upon new fields to turn to. We must make the best of what we have, and wherever it pays we must lumber conservatively.

Do you stand by that or do you recant that?

Mr. McCORMICK. Well, I will say that my information is better than it was when I wrote that article. [Laughter.]

Mr. CLARK. Your situation is a little different, too, is it not?

Mr. McCORMICK. To that extent, yes.

Mr. CLARK. You were making a speech then and now you are asking us to keep this tariff.

Mr. McCORMICK. I do not think I am doing much but making a speech now.

Mr. CLARK. That is the difference in situation, is it not?

Mr. McCORMICK. Possibly so. That was in 1903.

Mr. CLARK. This was printed in 1903. I do not know when you made this speech.

Mr. McCORMICK. It sounds like some of my foolishness.

Mr. CLARK. That is preceded by a communication from Mr. Gifford Pinchot, Forester, as follows:

U. S. DEPARTMENT OF AGRICULTURE,
BUREAU OF FORESTRY,
Washington, D. C., June 11, 1903.

SIR: I have the honor to transmit herewith three statements on forestry, which are especially intended for lumbermen, and to recommend their publication in Circular No. 25 of the Bureau of Forestry.

Respectfully,

GIFFORD PINCHOT, *Forester*.

HON. JAMES WILSON,
Secretary of Agriculture.

Mr. McCORMICK. Yes. One of those articles was by the President, one by Mr. Pinchot, and the third one by myself.

Mr. CLARK. You were a reformer then?

Mr. McCORMICK. I have reformed since then.

Mr. CLARK. You were a reformer then, in the society of reformers?

Mr. McCORMICK. I am not in the society—

Mr. CLARK. You have got out of the society; you have gone back on Roosevelt and Pinchot?

Mr. McCORMICK. Well, I voted for another man in the convention, anyhow. I am pretty well satisfied with the change.

Mr. CLARK. Well, I want to know this now. I don't want to treat you unfairly, but do you stand by this flamboyant article? [Laughter.]

Mr. McCORMICK. Well, I would have to read it over again.

Mr. CLARK. Do you want me to read it?

Mr. McCORMICK. I know one thing, Mr. Clark. I know that there is more timber standing in the United States to-day than I believed there was at the time I wrote that article.

Mr. CLARK. I am glad to hear it.

Mr. McCORMICK. I use the words "I know" instead of "I believe." I know that there is more timber standing in the United States to-day than has been used in the United States since Christopher Columbus landed on our shores.

Mr. CLARK. You say there is more timber in the United States now than there was then?

Mr. McCORMICK. Yes, sir; more than there was at the time the Pilgrims landed at Plymouth Rock.

Mr. CLARK. What has become of all the timber that was cut down in all the States from Plymouth Rock clear across to the mountains and beyond?

Mr. McCORMICK. Let me make that clear. There is more timber standing, I say, than has been cut in the United States—than has been removed.

Mr. CLARK. That is sort of like Mark Smith's tale that there are more Indians in the United States now than there were when Columbus landed.

Mr. McCORMICK. There are. There are more Indians in the United States now than there ever were. [Laughter.] I have never been on the Indian Committee, but I know the subject.

Mr. CLARK. They are not all red Indians.

The CHAIRMAN. Are there any more questions?

Mr. McCORMICK. I guess nobody wants any more of me.

The CHAIRMAN. We will next hear from Mr. Whitehead.

STATEMENT OF MR. Z. W. WHITEHEAD.

Mr. WHITEHEAD. Mr. Chairman and gentlemen of the Ways and Means Committee, I rather congratulate myself and felicitate you that I am here to-day in support of a principle and policy that the American people in their sovereign capacity at the ballot box only a few days ago indorsed with singular unanimity and an overwhelming majority. I refer to the principle of American markets for American manufacturers, American producers, and American labor, and, as an

American lumbermen, I stand for that principle here to-day four-square to all comers against "the world, the flesh, and the devil."

There has been a time when it was said that if you had any enemy you desired to punish and didn't care to sandbag him on the highways or murder him under the cover of darkness, all you had to do was to give him a sawmill. I am glad to say that for one I have outlived that day and time and have seen it come to pass when the sawmill man, once without credit or standing in his community, has rightfully taken his place in the ranks of the first and foremost citizens of the land. I am here to say further that in all the walks of business life there is no man who has contributed more to the well-being and upbuilding of his country than the average lumberman, both with his brains and money, his energy and talents. In the Southern States I feel safe in the statement that he is possibly the star actor in the world's great drama of commerce and trade, and so far as my observation goes I can truthfully say that there is not a cotton mill, a woolen mill, an iron furnace or a steel mill, railroad, or factory of any kind, a bank, or "skyscraper" in any of our Southern States or cities but what you will find on the roll of stockholders or officers one or more and possibly half a dozen of the leading lumbermen in that territory. Their interests, as a matter of fact, have become so interwoven with that of the allied industries and every other enterprise in the South that any legislation or policy by the Federal Government antagonistic to their interests, or that might embarrass their operations, would be felt in every direction to which the ramifications of their business might extend.

For this new order of things there is a reason, and I am here to say that reason is to be found in the incidental protection afforded and thrown around the industry by and through the imposition of a \$2 duty on foreign lumber imported into this country, whereby the pauperized products of other countries and produced by Hindoo, Japanese, and Chinese labor have been in part shut out and American markets held primarily for our own people. This, too, in the face of the fact that this \$2 duty amounts only to a 10 per cent ad valorem tax, in comparison with a 30 per cent tariff on iron and steel, 32 per cent on cement, 28 per cent on wool, 40 per cent on earthenware, and 50 per cent on building stone. As a matter of fact, every rule of right and justice would demand that if lumber is to be protected on a parity with iron, steel, building stone, etc., instead of for revenue only, that the tariff on lumber should be raised to \$4 and not less than \$3 per thousand, rather than \$2, as we now have it.

It is therefore plainly to be seen that any movement, by legislation or otherwise, inimical to the best interests of this great industry would rebound and react against whole communities. From communities these adverse conditions would extend to geographical divisions of the country and ultimately cover the whole land with its blighting influence.

Now, Mr. Chairman and gentlemen of the committee, if there be any doubts in the minds of you gentlemen or anyone else as to the extent and full measure of prosperity enjoyed by this country as the direct and indirect result of the operations of our present tariff laws and based upon the fundamental principle of protection to American industries, you have only to compare the conditions and prices of to-day, with everything prospering, every wheel turning, every saw

cutting, with and under the free-trade era of the famous Wilson-Gorman bill, when prices were at and below the cost of production, when the fires were banked in the factories and mills, and wage-earners were walking about in idleness and Canadian manufacturers were supplying American markets with lumber.

Having conclusively demonstrated something as to the ramifications and extent of the operations of the \$2 tariff on lumber, you can not deny or escape the concrete fact that any repeal or modification of this law would necessarily invite disaster and demoralization not only to the lumber manufacturer, and cripple his usefulness to every community in which he is operating, but likewise create pandemonium among banks, not in one or two isolated cases but all over the country, beget a feeling of distrust between man and man, besides bringing down uncertain disasters upon the farmers, the merchants, the manufacturers, laborers, and all. Banks, I dare say, all over this broad land of ours are carrying at this time possibly as much lumber and timber paper as any other class of indebtedness, and who knows, Mr. Chairman, but what the repeal or modification of this \$2 duty wouldn't at this time start a ball in motion that might end in such a loss of confidence between man and man and the stability of the industry as well as might repeat the panic through which the country has just passed and from which we are now emerging? Indeed, sir, these are questions that force themselves to the front, and, like Banquo's ghost, will not down at any man's bidding. As sentinels upon the watchtower, you must be the judges and guardians of our interests at one and the same time.

Ever solicitous for the welfare of the "horny-handed son of toil," methinks I hear some one say, "But where does the farmer come in for a share of this prosperity?" Indulge me for a moment and I will tell you. Throughout the South there are hundreds and thousands of farmers in the rural districts owning small tracts of standing timber ranging in size from 100 to 1,000 acres.

During the period of protection and prosperity, which always traveled together, the manufacturer as the result of his ability to cut his timber close and leave only the tops of the trees to rot in the woods, having a market in this country for his low-grade stocks as well as his uppers, enables him to get as much as 20 per cent additional raw material from the same land, and this in turn justifies the mill man in paying the present high level of prices for this stumpage in the rural districts. Thus it will be seen that the farmer, the merchant, the lawyer, the doctor, the banker, or whoever it may be in the outlying district shares equally with the mill man in the results following from high prices for lumber and the benefits a practical tariff measures out with an impartial hand to the manufacturers and land-owner alike. At the same time the timber-land owner must of necessity share and share alike with the manufacturer in whatever depreciation that might be brought about in the value of the manufactured product in proportion as the profit is reduced by free competition with low-priced lumber from Canada and other foreign countries by Hindu, Japanese, and Chinese labor, which we all know can live on half what the average American must have. Therefore the present high standard of stumpage values is the legitimate child of the existing tariff on lumber, which I make bold to say has done more to enrich the farms and country people than all other agencies combined.

Is there any objection to that? And while I can only speak ex cathedra for the South, I do know of my own personal knowledge that many of the class just referred to have sold the standing timber on their lands during the past few years for as much as two and three times as the land, timber, and all originally cost them.

In this way what had been carried year after year as a dead asset, yielding no one anything, had now, under the operation of our present tariff laws, been converted into dollars and cents. With the outcome of these tangible results materializing into cash, farmers, merchants, and others were in many cases enabled thereby to lift from their homes and plantations mortgages that had been hanging over their heads like a pall for years, the interest on which had "kept their nose to the grindstone" in season and out, sapping their vitals. Lifting these nightmares from their own "vine and fig tree" and removing the specter of the mortgagee's possibility of foreclosure under the red flag of distress, has made these people breathe in many cases for the first time in a lifetime an air of independence and freedom, emancipate themselves from a yoke of bondage that bordered closely onto slavery, and do a better part by their children and household in the way of education and other social advantages, thereby giving to the world a higher standard of citizenship and womanhood. Could more be said of any policy, gentlemen? I hardly think so.

With the country people, then, sharing equally with the manufacturers in the present high level of stumpage values, employees of the mills regularly employed at good wages, the distribution of profits is mutual and general. The banker and capitalist find ready customers for their money, the merchant buyers for his goods and wares, the farmer good prices for his produce, and so on down the line. Remove or repeal the \$2 duty and foreign interests come in and monopolize American markets. As a result, the foreign wage-earner and employee is paid the salary and given employment while the American walks about in idleness. This results in many of our mills and factories closing down or running half time. Fewer men, accordingly, find employment, and those who do are given it at reduced prices. Their earning capacity is proportionately reduced, their usefulness to themselves and their families crippled, and the farmer in turn sells less of the product of the soil, and what he does sell is sold at reduced prices.

Thus it will be seen that the profits are reduced to the minimum on all sides and from all sources by the repeal of this tariff, while capital, like the proverbial Arab, quietly folds its tent and "steals away to places new and pastures green." Naturally the volume of freight for transportation shrinks, and out goes another army of employees with no earning capacity and a reduction in the pay of those who find work. Banked fires and idle machinery damage from rust and decay, while buildings stand out solitary and alone as mute sentinels over the folly of the professional politician, who is furnishing employment for the foreigner, while the American laborer is wearing out the seat of his breeches waiting for the time to come when he can buy a suit of clothes for \$10 that he now has to pay \$12.50 for, and \$2 for a hat that he now has to pay \$2.50 for, the difference being that, under a protective tariff he has the \$12.50 with which to

pay for the suit and \$2.50 with which to pay for the hat, while under free trade he has neither or any visible means of making it.

In the course of human events some one in a moment of absent-mindedness takes the position that Canadian lumber is no competitor for southern pine. No one familiar with the constituent elements of these woods would dare make that statement before an intelligent audience. It was my good fortune to have been born and raised in the piney woods of North Carolina, and while Canadian pine is not of the same variety as long-leaf southern yellow pine, it is similar in many respects to the short-leaf pine of the South, and may justly be classed among the same family. Now, it is a notorious fact that short-leaf pine has been substituted in many instances for long-leaf yellow pine, as well as white pine, and as time wears along will be substituted for as many more, and just as short-leaf pine in the South has been substituted for long-leaf pine and long-leaf pine for short leaf, just so will Canadian pine be substituted for southern pine as soon as the tariff is removed and American gates are opened free to Canadian manufacturers. This is as certain as water seeks its level, and by reason of the close proximity of the Canadian forests to the eastern territory it stands to reason that with the \$2 duty removed and a lower rate of freight than we enjoy from the South to eastern cities, that the Canadian manufacturers will monopolize the best markets in this country for southern pine, if that duty should be taken off.

Some one has said we are shipping southern pine away up into the Lake States—Wisconsin, Minnesota, Michigan, Iowa, and other points in the extreme Northwest—all of which is true, and we are able to find a market there for this great southern product chiefly because of the practice of the American principle of protection to American industries, holding the markets even in those distant States, almost bordering on the Canadian line, for American manufacturers and shippers. And why not? We of the South buy much of our machinery, lumber, and logging equipment from all that territory, and why not our northwestern friends buy their lumber of us? So far as the legitimate American manufacturer is concerned, he is in favor of it, but when you come across some fellow who is directly or indirectly interested in Canadian timber you will find him singing an entirely different tune. That being true, the question resolves itself into this—whether an American Congress will legislate in favor of American manufacturers and against outsiders or in favor of outsiders and against American manufacturers. That's the issue, and you can't evade it.

According to the reports of the Yellow Pine Manufacturers' Association of the South, we have shipped already during the first eight months of this year from the States of Alabama, Mississippi, Louisiana, Texas, Arkansas, and Missouri, to say nothing of the amount shipped from the South Atlantic States, covering the two Virginias, Maryland, and South Carolina, Georgia, and Florida, 39,626,773 feet of southern pine into Michigan, 184,351,584 feet into Illinois, 25,334,639 feet into Wisconsin, and 91,990,231 feet into Iowa. With the repeal of the \$2 tariff this territory would be largely, if not wholly, supplied from Canada. If you would let down the bars and open wide the gates of the United States to Canada, Mexico, Australia,

British Columbia, Vancouver, the Bahama Islands, and other countries where the price of stumpage ranges far below that in this country, you wouldn't be long finding out where the American market will go.

From the figures at hand the South produces on an average about 18,000,000,000 feet of lumber annually, or in round numbers practically one-half of all the lumber produced in the United States. It is estimated by experts that we have possibly 250,000,000,000 feet of lumber standing on the stump in the South to-day. Having shown that under a protective tariff there is a profit in the manufacture of this lumber for our people of approximately \$3.50 per thousand feet, \$2.50 of which would be lost by the repeal of the tariff, and the uncertainty in prices that our manufacturers would have to indulge in to capture the business would amount to another \$1.50 to \$2, so that the South would lose by one stroke of the pen just \$63,000,000 annually, thereby entailing still greater loss, for striking down the lumber business would undermine the foundation of other industries and ultimately carry all down together; or, on the present volume of stumpage standing, by the time it is cut up we would have lost the stupendous sum of \$882,000,000. This much, to say nothing of the shrinkage in other lines, which will easily aggregate ten to twenty times as much.

Now, the next question forcing itself to the front is by whom this loss of so many millions of dollars in the South be sustained—by the mill men altogether? Not a bit of it, but by the farmer as well, the merchants, lawyer, doctors, bankers, and others in the rural districts, villages, and towns throughout the land, as we showed above, owning parcels of stumpage ranging from 100 to 1,000 acres. But the damage done by the removal of the \$2 duty on lumber wouldn't stop here. Similar losses would have to be sustained by iron, steel, tin, coal, wool, cotton, hides, and other lines of manufacture, besides hundreds of other things needless to mention here. Such losses would aggregate figures so appalling and far-reaching as to paralyze trade and commerce in every avenue of business and arrest the wonderful progress of industrial development now going on throughout the land, reducing the earning capacity of every wage-earner in the land, curtailing the volume of freight moving over railroads. At the same time there would be a curtailed demand for everything made or manufactured in this country, as well as the products of the farm, the field, the vineyard, and the forest. This would necessarily carry with it a reduction in the number of employees and the wholesale discharge of men not only in the railroad service, but in factories, mills, mines, banks, and every other occupation, and correspondingly lessen the purchasing power of another element of buyers whose consumptive capacity is enormous each year.

In conclusion, I would state, Mr. Chairman, that there are those who also contend that the repeal of the present \$2 tariff would prolong the life of our timber supply and thereby conserve American forests. A bigger mistake could hardly be arrived at. With the tariff repealed or modified, so much timber would be left in the woods that the manufacturer would have to cut up practically 20 per cent more acreage to get the usual stumpage each year that the life of our forests would be actually cut short from one-fourth to one-fifth.

In the light of all these facts, then, gentlemen, I for one draw the line at opening our gates to the free importation of foreign lumber to the United States in open competition with our own people. I stand for this doctrine and principle for the reason that it has been this policy that has built up and made the United States the leader in that grand galaxy of nations inhabiting the earth. It has been this policy that has built up a home market and furnished ready employment for every willing hand vouchsafed a maximum earning capacity of every wage-earner in America. It has been this policy that has multiplied our manufacturing industries in every State throughout the Union, and dotted the hillsides and plateaus of Dixie with mills, factories, mines, and manufacturing industries of every name and kind. It has been this policy that has enabled the lumbermen to bear aloft the torch of civilization and plant the seeds of progress and development in the dark corners of wild woods and rural districts, exploring forests, streams, and jungles, perchance facing sickness or death on the one hand and isolation from home, family, and comforts on the other, thereby stimulating thrift and industry among a people who might otherwise have become laggards, and transforming a howling wilderness into fields of growing corn, wheat, rye, oats, barley, orchards, and vineyards, as well as thriving towns of commerce and trade, and lifting the standard of American citizenship to higher ideals.

It has been this policy that has contributed largely to the establishment and maintenance of banks and other corporate wealth in all parts of the country and thereby furnished a working capital for the development of other resources and the upbuilding of our industries, for it would, indeed, be difficult to find a bank or any other manufacturing enterprise in any country without a lumberman being on its directory or one of its principal stockholders and officers. It has been this policy that has builded so many iron and steel mills all over the land, under the shadows of which have been reared churches and schoolhouses where religion and education had hitherto been oftentimes unknown before. It has been this policy that has laid the foundation and oftener than otherwise driven the first spike in lumber roads that subsequently developed into important divisions of great trunk-line systems. It has been this policy that has attracted capital into our midst and thereby made possible the accomplishment of things otherwise impossible. It has been this policy that has revived and imparted new life into waning industries, restored lost confidence between man and man, and inspired fresh followers in every great movement for the upbuilding of our country and the development of our resources, without regard to geographical divisions. It has been this policy that has beckoned the capitalist and builder upward and onward in the march of progress and development, proven the sheet-anchor of his safety for investments and a guaranty of legitimate returns on his money. It has been this policy that has brought order out of chaos and prosperity out of adversity, peace and plenty to the hearthstone of the hovel as well as the fireside of the palace. Indeed, it has been this policy that has made "two blades grow where only one grew before," causes our land to blossom and bloom like a rose and "flourish like the green bay tree," and, I may add in conclusion, Mr. Chairman, that every time we have departed from this

policy and wandered after strange gods it has only been a case of history repeating itself, and we have accordingly repented of our folly in "sackcloth and ashes."

STATEMENT OF CAPT. H. H. TIFT, OF TIFTON, GA.

Mr. Chairman and gentlemen of the Ways and Means Committee, I represent the Georgia-Florida Sawmill Association, the membership of which is composed of sawmill men in the States of Georgia and Florida; about 175 mills represented in that association.

I am also a manufacturer of yellow-pine lumber, both in the State of Georgia and in the State of Florida.

I wish to state very briefly some of the reasons that appeal to the Georgia-Florida lumber men why the tariff on lumber should be maintained under the present schedule.

I wish to say that the production of lumber in Georgia is about 800,000,000 feet. The production of lumber in Florida is about the same amount. I think the lumber industry in Georgia ranks second, agriculture only employing more men and having more money invested in it than the lumber industry.

In 1907 there were about 1,000 sawmills in operation in the State of Georgia, and perhaps 700 in operation in the State of Florida. Since the panic a great many of those mills have gone out of business and the number of mills in operation is considerably less now.

I want to say, as to the question of tariff affecting our lumber in Georgia and Florida, that the problem in our mills—and it is a problem confronting all the sawmills the world over, perhaps—is to find a market for our low-grade lumber.

Right here I want to refer to the question of the conservation of the forests. The only way in which we can conserve our forests in the States of Georgia and Florida, in my opinion, is to find markets so we can utilize the whole product of our forests.

As you gentlemen are no doubt aware, our forests are boxed for turpentine, and the turpentine industry covers practically the whole territory of southern Georgia and Florida. The lumber is there boxed, or will be boxed as the turpentine men reach it. That brings about a condition which makes it a necessity that that timber should be cut by the lumber men within a reasonable period of time, because, as I presume you gentlemen know, it is the custom down in that country—and it is a custom which we are trying to stop—that the farmers and people who own cattle burn the woods off every spring. They think that is just as necessary as to plant the crops. The result is that fires go through and destroy an immense amount of timber every season. That is a condition that exists there.

Now, to come to the problem where we would be affected by the abolition of the tariff, as I stated, we are trying to find a market for our low-grade lumber. We are trying to get everything we can out of our timber, and the effect of the removal of the tariff would be to bring us in competition with the low-grade lumber of Canada, as well as the other forest countries—British Columbia, Mexico, Nova Scotia, and possibly British Honduras.

Mr. CLARK. Do you think there was ever a stick of lumber shipped into Georgia?

Mr. TIFT. No, sir; we do not think so—

Mr. CLARK. How would it bring you in competition with them, then?

Mr. TIFT. Simply because the market for our timber is not in Georgia.

Mr. CLARK. Part of it is in Georgia.

Mr. TIFT. Only a small portion of our lumber is sold in Georgia.

Mr. CLARK. You do not ship in lumber from the outside that you use in Georgia?

Mr. TIFT. No; but we ship our Georgia lumber into markets north of the Ohio River, into New England, New York, Pennsylvania, Maryland, and West Virginia, and all through that territory.

Mr. CLARK. What do they burn those woods off for?

Mr. TIFT. Well, they do it because their daddies have done it; they do it so as to get early range for the cattle. At least that is what they say.

Mr. CLARK. Does it hurt the trees to burn the woods in that way?

Mr. TIFT. Yes; it does.

Mr. CLARK. Does the fire burn the trees?

Mr. TIFT. Yes; there are millions of feet of lumber burned up every year.

Mr. CLARK. Mostly dead trees?

Mr. TIFT. Not only dead trees. It kills the trees with leaves on them.

Mr. CLARK. Do you have any grass like timothy or clover that you do not have to sow every year—perennial grasses?

Mr. TIFT. We have the Georgia wire grass.

Mr. CLARK. Is that good pasture grass?

Mr. TIFT. It is pretty fair pasture grass; yes.

Mr. CLARK. Is that what they burn that off for?

Mr. TIFT. They burn the woods off so as to bring that grass up a little earlier.

Mr. CLARK. You follow the same plan they used to follow on the prairies?

Mr. TIFT. We lumbermen do not; it is the farmers, the country people, that do that.

Mr. CLARK. They do not burn anybody's trees except their own, do they?

Mr. TIFT. They burn that whole country, and a regiment of soldiers could not stop it, in my opinion.

Mr. FORDNEY. The timber burns more rapidly after being turpentine, does it not?

Mr. TIFT. Yes, sir. Those fires do not injure virgin timber very much, but they burn a considerable portion of all the timber that is boxed.

The CHAIRMAN. After it is turpentine you use it for lumber?

Mr. TIFT. Yes, sir.

The CHAIRMAN. You have got an advantage by reason of using the turpentine as a by-product.

Mr. TIFT. The lumbermen do not get the benefit of that.

The CHAIRMAN. You take it out for amusement?

Mr. TIFT. No; we take the timber after the turpentine men get through with it.

Mr. HILL. You say you want to find an outlet for your low grades of lumber?

Mr. TIFT. Yes, sir.

Mr. HILL. Your market is largely Sound ports, is it not?

Mr. TIFT. Yes, sir.

Mr. HILL. And you ship by water?

Mr. TIFT. Yes, sir. That brings out one feature of our business that I would like to call to the attention of the committee.

Mr. HILL. One moment before you go into that. I would like to inquire what you sold common roofers for last year?

Mr. TIFT. We have not a roofer grade.

Mr. HILL. It is about the lowest there is, is it not?

Mr. TIFT. It is equivalent to our No. 2—

Mr. HILL. Coarse common. In 1907, what was the price, delivered in Sound ports?

Mr. TIFT. A grade equivalent to roofers—we do not ship a roofer grade—

Mr. HILL. Did you not get from \$18 to \$20 a thousand for it?

Mr. TIFT. No, sir.

Mr. HILL. That is what they paid up there.

Mr. TIFT. At what point, sir?

Mr. HILL. How low did you sell that twelve years ago or fifteen years ago?

The CHAIRMAN. Which one?

Mr. HILL. The same grade.

Mr. TIFT. I hardly know what to say as to roofer grade, because that is not a grade in yellow pine. I understand it is equivalent to our No. 2 common grade.

Mr. HILL. Very coarse, knotty boards.

Mr. TIFT. Eight inches and upward?

Mr. HILL. Yes; and tongued and grooved.

Mr. TIFT. The price of that kind to-day is \$10. Last year—

Mr. HILL. What do you mean; delivered at Sound ports?

Mr. TIFT. I am speaking f. o. b., mill prices.

Mr. HILL. What do you pay Sound ports?

Mr. TIFT. My mill is a railroad mill, 130 miles from Brunswick. Our rate is \$4 a thousand. The average freight rate to New York will be from \$5 to \$6.50, depending on conditions. The rates now, for the last year, I think, run from \$4.50 to \$5. It goes up as high as \$7 some seasons.

Mr. HILL. That would make it about \$20 delivered. What did you sell them at twenty years ago?

Mr. TIFT. About twenty years ago we did not make any.

Mr. HILL. Oh, yes; I bought them myself.

Mr. TIFT. You mean in the yellow-pine district?

Mr. HILL. North Carolina.

Mr. TIFT. Roofers is particularly a North Carolina product. Our yellow pine goes into a different working lumber. We are just now beginning to make some roofers in yellow pine. We regard it as No. 2 common—No. 2 common, or roofing boards. Under the present market they are worth \$10. A year ago the same grade of lumber would have brought about \$5 more.

Mr. HILL. That would make it about \$23 delivered up there?

Mr. TIFT. Yes, sir.

Mr. HILL. You do not sell it as low as \$12 delivered up there?

The CHAIRMAN. He said ten, I think.

Mr. HILL. No; I mean mill price.

Mr. TIFT. I never shipped any there myself. I could not say on my own knowledge.

Speaking in regard to the necessity for getting all of the output from a given body of lumber, perhaps if I give you an experience it will illustrate the point I want to make.

I commenced sawing lumber in Tifton in 1872. That was before we had dry kilns or planing mills. We simply manufactured then practically hard lumber. Everything that did not make hard lumber was left in the woods. We would cut down our trees and leave the tops, and the stumps, and our average output in 1872 was from 2,000 to 2,500 feet. Since that time we have put in dry kilns, planing mills, shingle mills, and lath mills, and have endeavored in every possible way to extend our market to increase our product from our timber. The same timber that was cutting 2,000 feet to 2,500 feet to the acre in 1872 will cut now with the market we have about 10,000 feet to the acre. That is the point I wish to call to your attention—

Mr. RANDELL. There are immense forests and all sorts of timber in Mexico that would compete with your southern timber if the tariff were removed?

Mr. TIFT. Yes. I think there is no question of that.

Mr. RANDELL. And they are very easily accessible to the East and that lumber can be delivered at Gulf ports and Atlantic ports?

Mr. TIFT. I am not very familiar with the situation, except that I understand that there are large bodies of good pine timber in Mexico, and I presume it is available to the ports. I am also advised—

Mr. RANDELL. And that could reach the Gulf ports and Atlantic ports and compete with the southern lumber, and of course that could reach the ports they have in Texas and be available for building material all through the western territory, all through the western prairie country, could it not?

Mr. TIFT. Yes, sir. And that timber could also be shipped in foreign bottoms to eastern markets at a freight rate very little above the freight rate that prevails as to coastwise vessels.

I want to say a word as to delivering our shipments from Georgia and Florida ports into New York. Those shipments employ a very large number of American coasting vessels; not only employ a large number of coasting sailing vessels, but furnish a very large amount of freight to coastwise steamers.

Now, if that volume of business is to be turned over to Canada and Nova Scotia and Mexico that volume of lumber would be moved in foreign bottoms; so that instead of serving our coastwise trade, as well as increasing our merchant marine, the effect of transferring this business from Georgia and Florida to Canada would be to transfer the carriage of this lumber from American vessels to foreign vessels. I think that is a matter that ought to be considered in that connection. I think it has been stated during this meeting that the revenue derived from Georgia lumber is about \$3,000,000. I think it has also been stated that the labor conditions in British Columbia and Canada were possibly about the same as in this country, and the inference was that it would cost as much to make lumber in Canada as it would cost to make lumber in this country, and that therefore we

need not fear the importation of lumber from Canada, Nova Scotia, and the British provinces.

But that brings me back to the question of the disposition of the low-grade products. We are trying to extend our markets in the East and in the West. That product with the tariff off would come in from Nova Scotia and Canada into the eastern market at New York, and as a business proposition it would drive us out of those markets, or put us where we could not compete. They would get into New York on quicker time and lower freight.

Mr. FORDNEY. You believe in the general principle of protection to American industry?

Mr. TIFT. Yes.

Mr. FORDNEY. You do not want your industry taxed at the expense of all others, do you?

Mr. TIFT. No, sir.

Mr. FORDNEY. Therefore you want a \$2 duty retained in order to let you compete in markets with your neighbor instead of the Canadians?

Mr. TIFT. Yes, sir; and not only that—

The CHAIRMAN. Oh, answer the question. Do not go on with a speech.

Mr. FORDNEY. The gentleman is trying to answer, and I am satisfied with his answer. Go ahead and answer.

Mr. TIFT. I simply wish to say that as a reason for not wanting the tariff changed we did not wish to change the present business conditions. If the tariff is changed in any respect, we have to adjust our conditions. We want to get down to a basis where we can get along.

STATEMENT OF J. D. LACEY, OF CHICAGO, ILL.

Mr. LACEY. Mr. Chairman and gentlemen, I am interested in the lumber business to an extent, but more particularly in the land end of the business.

I heard a great many questions asked to-day in reference to the stumpage part of the business and the general timber industry of the country, and also as to the tariff in relation to Canadian lumber.

I have been in this timber business for about thirty years, in all parts of the Atlantic States and Canada, and in South and Central America. So I have given that a pretty careful investigation, both as to quality and quantity, and also with reference to the tariff from time to time, as it has come up.

I have been in the southern lumber business since 1890, in Georgetown, S. C. I have been in the short-leaf pine and cypress business.

During the Wilson bill we lost money on our lumber, on account of the low price for low-grade stock. The first four years we were in business we did not make any money. Since then we have made a fair profit. We have paid a dividend of from 6 to 10 per cent a year.

But while there has been a moderate profit on the lumber manufactured, in the same locality there has been an increase of several hundred per cent in the value of the stumpage itself, and the whole question to-day, in the increased cost of lumber, resolves itself down to the increased value of stumpage and the increased value of labor. And when I say labor I mean not only the labor that enters into the

wages to our employees, but labor that enters into the wheat and corn and oats and everything that the lumbermen buy.

There has been a great deal of talk to-day about saving to the farmer, that the price of lumber was too high for the farmer. But I have not heard anyone say that wages should be cut down. If the price of lumber is too high, there is only one way to reduce it, and that is to reduce wages. You can not reduce the price of stumpage, because more stumpage is owned by more people probably than any other industry in the country.

It is the general idea that the holdings are in a few hands, but that is a very erroneous impression. There are thousands and thousands of individual owners.

My business has been in the West for the last twelve years, to consolidate the homesteader and the timber claims into larger business, to make them more valuable for operating purposes.

The same way in the South and other sections of the United States. So I am probably as familiar with the holdings of timber land as any man in the United States to-day, and I know while there are very many large institutions and a great many individuals holding large bodies of timber there are also a great many holdings in the hands of individuals which are small holdings—a great many individuals have small holdings.

If you reduce the duty on lumber, you must reduce the duty on other things to make wages lower, to bring the price of lumber below what it is. I do not think you will ever see the price of stumpage lower than it is. I have been watching it. I have been in the business ever since I was a boy, forty years ago. I knew something about it when I was a boy in Pennsylvania, and then I went from there to Michigan, and I know that you could buy the best lands there from \$2.50 to \$5 an acre. From Michigan I went to Missouri. In Missouri in 1880 we bought timber land at 50 cents an acre; in fact, it sold as low as 30 cents an acre.

Then, as the stumpage in Michigan increased in value, the lumber industry of the South developed and stumpage value increased. Then, as the stumpage in the South grew in value, the coast timbers came in the market and the values of stumpage on the coast advanced.

Now, in Canada, the custom there is entirely different from what it is in our country. The government there leases the land on from five to twenty-one year leases. It is sold at auction to the highest bidder. A large percentage of those government leases to-day are owned by individuals, just the same as the timber is owned here, and I have known leases to sell as high as a thousand dollars.

Ordinarily, though, the price of Canadian stumpage is very much less than our American stumpage.

In eastern Canada the price pro rata is a little less than it is in the South. In portions of British Columbia it is less. In other portions it is higher. While in some localities in Canada labor is practically equal to the United States, in other localities it is considerably less. Particularly is that so in Nova Scotia, New Brunswick, and Quebec. That is the section that more particularly affects the East than any other section of Canada. We get that to New England in competition with our low-grade stock, and we get it by canal by the St. Lawrence River.

I am interested in a sawmill in North Carolina. We cut hemlock, spruce, poplar, and some other hard woods. Our mill has been shut down for the last year.

A friend of mine in Quebec has shipped 8,000,000 feet of that into New York at a lower price than our Virginia friend could ship it for.

In conversation with the various manufacturers of lumber in Canada, in discussing this tariff problem, which I did last summer—I spent six weeks in Canada and saw several lumber men while I was there—as a rule they do not want this tariff changed; they would rather see it as it is. One reason is, it would cause an unsettling of the market. Another reason is, they haven't any more lumber over there than they want. It will not be very long before that portion of the country will be wanting to ship in lumber themselves. If you take off this \$2 a thousand duty, they tell me that they can cut their timber closer and ship that low-grade stuff into our markets. That we all know. The moment that is done our manufacturers can not, or will not, cut the low-grade stock—the top log—that in the last few years we have been cutting, and that would be left in the woods.

In 1880, when I first went South, in Louisiana and Mississippi and those coast States, we estimated what the value of government land was. It was nearly all vacant then, and it was timber land. In 1889 it was offered at \$1.25 an acre. We located several million acres for northern lumber companies. We estimated those lands would cut about 6,000 feet per acre, and they were then cutting timber. They were not going above the first limbs; the balance was left in the woods or burned up.

The CHAIRMAN. Did they make money then?

Mr. LACEY. They did not make very much then.

The CHAIRMAN. They were struggling along?

Mr. LACEY. Yes; they were struggling along. The local lumber men there were mostly cutting that government timber, and even then they could not make any money.

The price began to advance as stumpage began to advance in value. We began to increase our estimates and they began to cut more to the acre. It has grown from 6,000 until to-day in Louisiana and Mississippi they are cutting from 12,000 to 15,000 feet to the acre, or they were a year ago. At the present time they are not doing it because the general depression has prevented them from making it profitable. But with the prices that prevail they have been able to take out most of the tree and work it up so that it is profitable.

That is one of the greatest sources and will be one of the greatest sources of conservation for the present stand of timber that we can have, the proper maintenance of a price that will warrant the taking out of the entire tree and making it into some useful product, lumber and building materials of various kinds, pulp wood, and many other things that it can be worked into, when the prices of commodities will warrant it.

On the other hand, if we reduce the price of our lumber we can not afford to work out the full amount that there is in the wood, and the length of time that our timber will last will depend very largely on how we cut it.

We will cut 66 or 100 per cent, and it will depend largely on what the price is whether we can do that or not, because the lumbermen are like the rest of humanity; they work for a profit.

The CHAIRMAN. How long prior to 1907 did you cut this low-grade stuff and make it up into lumber?

Mr. LACEY. About ten years. It began in the South; in Missouri first, and then in Arkansas.

The CHAIRMAN. Did you cut that and make a profit?

Mr. LACEY. Not the low-grade stuff, but there was a price high enough so as to warrant that.

The CHAIRMAN. You say you did not make any profit?

Mr. LACEY. Very rarely you do.

The CHAIRMAN. That gives you a loss?

Mr. LACEY. You dispose of your low-grade product so as to help out to some extent—you want to get something for it if you can.

The CHAIRMAN. And what did you sell it for?

Mr. LACEY. It depended on what section of the country you disposed of it in—

The CHAIRMAN. Oh, well, what was the average price?

Mr. LACEY. It makes a great difference. For instance, the average price from 1884 to 1892 was from \$10 to \$12 a thousand—

The CHAIRMAN. How much was the high-grade stock worth at that time?

Mr. LACEY. In Michigan white pine was up to \$20 and \$22 a thousand.

The CHAIRMAN. Did it cost any more to make the low-grade stock up into lumber?

Mr. LACEY. Yes; because you have more—

The CHAIRMAN. How much more difference?

Mr. LACEY. I could not figure that out to a nicety. There are more logs—some logs and the tops simply knotted—it costs more to saw them; it takes more time to handle them. The price is more expensive all the way through.

The CHAIRMAN. It didn't cost much more?

Mr. LACEY. Well, it cost about \$1 or \$2 a thousand more, probably.

The CHAIRMAN. And you were able to make it at a profit. Of course, last year the price of lumber was low?

Mr. LACEY. Yes; it is low now.

The CHAIRMAN. There is not much demand for it?

Mr. LACEY. No.

The CHAIRMAN. Have you cut wages?

Mr. LACEY. Somewhat.

The CHAIRMAN. How much?

Mr. LACEY. Probably from 5 to 10 per cent.

The CHAIRMAN. Has there been any general cut of wages?

Mr. LACEY. I think there has been; yes, sir.

The CHAIRMAN. A general cut in wages?

Mr. LACEY. Yes, sir.

The CHAIRMAN. Where?

Mr. LACEY. In the South.

The CHAIRMAN. In the South?

Mr. LACEY. Yes, and in the West.

The CHAIRMAN. South and West. You know that is a pretty large territory.

Mr. LACEY. You might say all the way from Richmond, Va., to British Columbia.

The CHAIRMAN. How much of a cut in wages has there been?

Mr. LACEY. It would vary in different localities. In our own mills we have cut wages from 10 to 15 per cent. Probably it would not average over 10 per cent.

The CHAIRMAN. And how much did you cut your dividends?

Mr. LACEY. We have not had any dividends.

The CHAIRMAN. You mean in the last year?

Mr. LACEY. We have not had any in the last year; no, sir.

The CHAIRMAN. You never have had any?

Mr. LACEY. Not in the last year.

The CHAIRMAN. Ten years before—for ten years you have had dividends, have you not?

Mr. LACEY. We had dividends for about eighteen years regularly.

The CHAIRMAN. How much?

Mr. LACEY. We pay the regular 6 per cent dividend, and occasionally we would have a surplus and we would put it in the timber lands.

The CHAIRMAN. Did you put your surplus in the stumpage?

Mr. LACEY. Yes; we have acquired more stumpage when we could.

The CHAIRMAN. And you took that out of your earnings?

Mr. LACEY. Earnings and outside investments.

The CHAIRMAN. You acquired the stumpage independent of your earnings?

Mr. LACEY. Yes.

The CHAIRMAN. You did not take that out of the 6 per cent, I mean?

Mr. LACEY. No, sir.

The CHAIRMAN. You took it out of your earnings, and you have as much stumpage now as you had ten years ago, have you?

Mr. LACEY. Yes; we have more stumpage now.

The CHAIRMAN. And you have cut off a good deal of what you had then?

Mr. LACEY. Yes.

The CHAIRMAN. All of it?

Mr. LACEY. No; we have some of the holdings we had then.

The CHAIRMAN. Have you cut out as much in area as you had ten years ago, an equal amount—well, about, I don't want to take too long, if you can not answer it.

Mr. LACEY. Yes; just about.

Mr. CLARK. It does not make any difference what happens, the stumpage man either holds to what he has or gets more; the stumpage always goes up?

Mr. LACEY. It will continue to go up.

Mr. CLARK. Nothing on earth makes them lose?

Mr. LACEY. No, sir.

Mr. CLARK. Everybody else may lose in the lumber business, but the stumpage man makes his profit?

Mr. LACEY. Well, so far as the manufacturer of lumber is concerned, I do not think there is a lumberman in this room that can show that he has ever made much profit on the strict manufacture of lumber; he has made his money in buying low-priced stumpage and holding that.

Mr. CLARK. Are you a partner in the firm of McCormick & Co.?

Mr. LACEY. No, sir.

Mr. CLARK. Have you any dealings with them?

Mr. LACEY. No, sir. I have sold them timber lands. My business has been, strictly speaking, buying and selling timber lands.

Mr. CLARK. When did you sell your timber lands?

Mr. LACEY. In 1897 and 1898.

Mr. CLARK. How much did you get for them?

Mr. LACEY. I got from \$10 to \$20 an acre for them.

Mr. CLARK. How much a thousand feet?

Mr. LACEY. They run from about \$1 to \$2 stumpage. In the South—

Mr. CLARK. Well, wait a minute; I don't care about the South.

Mr. LACEY. This was in the South—

Mr. CLARK. How much do they get for that stumpage to-day?

Mr. LACEY. That is worth from \$4 to \$5 to-day.

Mr. CLARK. They have made a profit, then, of some 400 or 500 per cent in that length of time?

Mr. LACEY. Yes, sir.

Mr. CLARK. Then, nothing in the world, no matter what happens—earthquakes, or cyclones, or what—will keep them from making a profit; they simply go on and make their profit?

Mr. LACEY. They make their profit up to a certain point, and then it will stop.

Mr. CLARK. As a matter of fact, did they not buy a million and a half acres of land at about \$6 an acre?

Mr. LACEY. I didn't know what the exact figures were. At the time they were buying that at \$6 an acre we were buying land on the coast at about the same price.

Mr. CLARK. Was there not a great row about that whole thing being turned over to the Weyerhæuser Company?

Mr. LACEY. I have never heard so.

Mr. CLARK. Did they not talk about investigating it, as a matter of fraud?

Mr. LACEY. About a million acres, I understand, belonging to the Northern Pacific, and they sold it to Weyerhæuser.

Mr. CLARK. They got it at \$6 or \$7 an acre, did they not?

Mr. LACEY. Probably somewhere in that neighborhood; yes, sir; although I do not know exactly what they paid for it.

Mr. CLARK. Well, how much is that land worth now?

Mr. LACEY. It is worth probably an average of \$50 an acre.

Mr. CLARK. That is a right steep profit in that length of time, is it not?

Mr. LACEY. Yes, sir.

Mr. CLARK. Now, as a matter of fact, Mr. Lacey, when you come down to this stumpage, they got that land for about 15 cents a thousand, did they not?

Mr. LACEY. Yes, sir.

Mr. CLARK. And they hold it now and charge these manufacturers of lumber about \$3 a thousand?

Mr. LACEY. I do not think they are selling it at \$3 a thousand. I think it is \$1.50 to \$2. They may occasionally sell some for \$3 a

thousand. Of course their stumpage to-day is stumpage that is very available to transportation.

Mr. CLARK. And yet they can not afford to have the tariff taken off lumber?

Mr. LACEY. It is not the holder of the stumpage so much as it is the manufacturer of lumber——

Mr. CLARK. Do you think if this \$2 tariff was taken off that there would be any imminent danger of Mr. Weyerhæuser and Mr. McCormick landing in the poorhouse?

Mr. LACEY. No, sir; nor any other men of means landing in the poorhouse—that is, men who have been foresighted enough to make good investments like that. So far as the duty on lumber is concerned, I do not see how any man can call it a highly protective duty or that you can call it any more than a revenue tariff.

Mr. CLARK. You do not buy any lumber for consumption, do you?

Mr. LACEY. Yes, I do; and I buy some iron, and I asked why the price was so high, and the carpenter told me——

Mr. CLARK. Wait a minute. Whenever you commence that business you are precipitating a row over among those gentlemen at the other end of the table.

Mr. LACEY. I can not help that. Pig iron or coal to-day——

Mr. CLARK. Does it strike your mind, you being a fair-minded, philanthropic American citizen, that it would be fair to cut these tariffs down equal to the rate on lumber?

Mr. LACEY. I say cut them down if you want to, but when you cut the tariff down you will cut down your producing power, and when you cut down your producing power you will have to cut down your wages.

Mr. CLARK. What do you mean by cutting down your producing power?

Mr. LACEY. I mean the man I am paying \$2 a day to, if everything else is cut down, will have to have his wages cut down also.

Mr. CLARK. You have not ingenuity enough to squeeze a part of that out of the stumpage men, instead of taking it all from labor?

Mr. LACEY. Well, they pay their proportion in taxes, and so on.

Mr. FORDNEY. You speak of the relative cost of lumbering. Where you live a large percentage of the tree is left in the woods. You say that your lumber runs from two to four logs to a tree?

Mr. LACEY. Yes, sir.

Mr. FORDNEY. It would cost you just as much to run a railroad to take off your lumber as it would if you utilized all of your tree?

Mr. LACEY. Yes.

Mr. FORDNEY. And therefore it increases the cost of taking up what you do take?

Mr. LACEY. Yes.

Mr. FORDNEY. And naturally the consumer must pay that eventually?

Mr. LACEY. Yes.

Mr. FORDNEY. Now, then, if that is right, I want to ask you another thing. Much has been said about Mr. Weyerhæuser's investment of 1,000,000 acres, having acquired that from the Northern Pacific Railway Company. Is he to be criticised or punished because his wisdom told him that he was making a good investment when he acquired

that land, and because it is worth more money to him now than when he bought it?

Mr. LACEY. I do not see how you can criticise him for doing that any more than you can criticise any other men who have acquired government lands.

The CHAIRMAN. I do not think there is any question about that, and I do not think we ought to go into it.

Mr. LACEY. In the South, from 1880 to 1887, the uniform prices of government lands were \$1.25 an acre except where there had been railroad grants. Where there were those grants the land was worth \$2.50 an acre. It does not make any difference whether that land had lumber or not, it was \$1.25 an acre. After it was entered the Government then withdrew the lands, and few were left subject to homestead entries. In Louisiana and other Southern States the price then began to advance. Before that there was no big value. A man that came down there could get government lands for \$1.25 an acre, and therefore you could not get \$2.50 an acre for your lands.

Mr. FORDNEY. I have known Mr. Weyerhæuser for a good many years, and have had dealings with him, and you have doubtless known him much longer than I have. Have you ever known him to do anything that could be called dishonest; have you ever known him to do anything in his life that was wrong?

Mr. LACEY. No; I have never heard him criticised in any way other than that he was a man of wonderful ability, and he is recognized as a man who has been a pioneer all his life; he has been a man who has gone into the forests and developed the country. Wherever Mr. Weyerhæuser has gone development and civilization has followed in a most substantial manner.

Mr. FORDNEY. The question was asked you if it was not likely that he would be able to keep out of the poorhouse with careful management. Do you know of any reason why he should go to the poorhouse?

Mr. LACEY. I do not. I do not understand why a man of his ability and enterprise and good judgment should have to go to the poorhouse or why he should be considered a conspirator—

Mr. FORDNEY. The intelligent people of the country admire a man like that; they admire his ability and enterprise and philanthropy?

Mr. LACEY. I think so.

Mr. CLARK. If Mr. Weyerhæuser and Mr. McCormick got that million acres of land at 15 cents a thousand feet, do you think the people of the United States ought to be taxed to give them \$2 bonus a thousand feet where they spent 15 cents?

Mr. LACEY. Well, I do not think you are taxing them to give that money to Mr. Weyerhæuser or Mr. McCormick. I am sure if you do not put that \$2 on lumber you will have to put it on something else. You might economize, but you are not going to save anything by taking that tax off and putting it somewhere else.

Mr. CLARK. Suppose you did not put it anywhere else?

Mr. LACEY. Well, then, we would live cheaper and would not build any of these canals or other things.

Mr. CLARK. Well, they are issuing bonds for the canal.

Mr. FORDNEY. In your opinion, is it not true that Mr. Weyerhæuser and his associates employ more men in the lumber industry in this country than are employed in any other one business?

Mr. LACEY. I think that is probably true, with the possible exception of the United States Steel Company. I think possibly they employ more men than any other company.

Mr. FORDNEY. I am referring to the lumber business. Does the lumber business not employ more men than any other industry, and does it not pay an American scale of wages?

Mr. LACEY. Well, the lumber men all over the country have developed the country. You may take wherever the lumber men have gone and bought timber lands. The lumber men have gone in and they have induced railroads to come in, and as a result civilization and development have taken place and towns and cities have grown up.

In Louisiana in 1880 the entire assessed valuation of Calcasieu Parish was \$520,000. In 1897 it was \$22,000,000. That increase had come about by reason of the development of rice cultivation. They spent millions of dollars in the building of canals.

You take it all over the United States and you will find that the lumberman has been the pioneer in the development of the country.

The CHAIRMAN. Are there any other questions on this subject that are germane?

Mr. FORDNEY. Not from me.

The CHAIRMAN. That seems to be all with this witness, and we will hear Mr. Walker.

STATEMENT OF MR. T. B. WALKER, OF MINNEAPOLIS, MINN.

The CHAIRMAN. Mr. Walker, representative of the Red River Lumber Company.

Mr. WALKER. I am a representative sent here by the Lumber Association of the Northwest, of the Mississippi.

I am president of the Red River Lumber Company, but I do not come here representing that corporation.

I dislike to come before you at this time of the night. You are tired. You have given better attention to this subject to-day than I have ever known a similar body of men to give to any subject.

The CHAIRMAN. Please speak a little louder.

Mr. WALKER. I say I have observed you carefully to-day, and I think you have given better attention to this tariff subject, to everyone who has spoken, than I have ever known any similar body of men to give to anyone. Consequently you must be tired and weary, and no doubt you would be pleased to have me cut short my remarks, and I promise you that I will not make them very long.

I do not intend to take up this question along the lines that have been presented before you.

The only essential point that I care to consider is that of the conservation of the forests and the underlying facts and principles which have led to the destruction of our forests up to the present time, and which will continue to accomplish the same purpose with reference to the remainder of the timber we have on our public lands and private lands.

The conservation committee of the forestry department are now, as a preliminary and primary question, investigating the subject of overproduction and overconsumption, in order to determine it as a factor in what has been in the past and to see what it will accomplish in the future.

In order to understand more completely the facts which would lead to the destruction of our forests, and where the responsibility lies, it is necessary to review more at length than I would venture to do here to-night, to see what is being done on the part of the Government in handling this timber in the manner in which they have done it, and which has been the prime factor in compelling the lumberman to destroy the forests, and which, if it continues in the future, will result in the same outcome for the remaining forests which now exist, particularly the vaster ones on the Pacific coast.

The object in repealing this duty, as I understand it, is to cheapen lumber to the consumers.

The Forestry Department and the conservation committee believe that if you reduce it, it will not reduce the price of lumber; that if it would reduce it, it would be unfavorable and unfortunate in the conservation of the remainder of our timber.

The policy of our Government in disposing of the timber lands has been on the lines that have been to distribute the timber to the people of the country to the greatest extent that was possible.

For that reason the homestead law and the other laws have been made applicable not only to the farming lands, to give the settler a home, but to give to each and every one who chooses to go into the timber lands and take up one or two country sections, and to take them at a profit, that is as a speculative venture, in order to get the difference between the government price and that which would come in selling it to the lumbermen, and in doing this in place of allowing it to fall into larger areas, where lumbering could be done economically and cheaply, the same as our competitors over the line in Canada could do, it has been only scattered holdings, and there is not a lumberman that I know of in the United States, or at least in our part of it, who owns as much as any one solid township of timber, but in every township all through there are different ownerships, where the lumbermen do go and take it through the agency of this method which the Government has provided for disposing of or distributing the public lands or the profit on them.

That has led the lumberman to have an extra expense in logging.

Over in Canada the custom has been for many years, and it was before I began logging in Minnesota, over forty years ago, we had Canadian competition, which enabled them to do their logging at a much lower price and get their stumpage from the government at a lower price, which would make probably a stumpage of \$1.50 less than ours, and logging of not less than \$1, probably nearer \$2, taxes and interest, which they do not have to pay, and which we have to pay, to the extent that they will make an average on all the lumber cut by anyone that will build a mill and stock it up for a term of years, it will make our taxes on all our property, the standing timber, the logs that are cut, the sawmill and yards, the lumber stock, it will average at least \$2 a thousand on all the lumber that we cut.

Then the manufacturing is \$1 less, and that is too small. These are all conservative. It will run for the years until—well, perhaps equal to the present time in all except interior, which has been opened up for two years, not less than \$5.50 a thousand on the logs, which would make the present price about \$4 on the lumber, and on all that of the previous years, when there was no overrun, it made the value \$5 a thousand.

Most of the years that I have been in business we had no tax, and we had to work against that odds, and in order to accomplish it we had to do during all those years just as they are doing in the South, as you heard a few moments ago, leaving more than one-half of their timber, and just as they are doing on the Pacific coast to-day, and just as they will continue to do unless there is a change in the methods and manner of dealing with the lumber men and with the lumber business, so as to give it a protection sufficient to make it worth while to conserve the timber, and to take out not half or two-thirds, but to take out all of it, and in that way to make the forests extend over a multiple, you might say, of years, as it can not do under the present conditions.

Under those conditions, under which our forests have disappeared, when in our lumber mills we got such lumber only as the Scribner's scale of the logs, we got no overrun; we might, under proper conditions, have got 60 per cent overrun if we had sawed and put it into lumber in the most economical manner; we might have got a 60 per cent overrun. We could not do that.

The price of lumber was in fact so low that all we could do would be to take out the upper grades that would bring a price sufficient to enable us during all those years to pay even a smaller rate of wages, which we paid then.

If we can make the forests of to-day, by means of proper conservation, produce over 300 per cent of the amount of available or useful or practical lumber, in the place of the 100 per cent that has been produced within the past eight or ten years, then if we apply that to the future forests, and enable the lumber man to accomplish it in a way that will pay him for his extra cost and his expenses for doing it, it will enable him when it becomes developed to produce a lumber that will furnish this country, at only a fraction of what will be, if we continue right on as we are until we reach the end, and we are coming to it very rapidly—

Mr. HILL. Do you advocate an increased duty or an unchanged duty or free trade in lumber?

Mr. WALKER. Gentlemen, if I was disconnected from the lumber business, from being an owner of timber, I would pledge you that from my knowledge of the timber business, if I was disconnected from ownership of it and was a buyer of lumber to the extent comparatively that I am the manufacturer of and owner of timber, I would say to you not only to observe this, but to give it an additional tariff for the best interests of the people of this country.

Mr. CLARK. You are a manufacturer of lumber?

Mr. WALKER. Yes, sir.

Mr. CLARK. And have been at it for about forty years, I understand?

Mr. WALKER. Yes, sir.

Mr. CLARK. In addition to that, you own 650,000 acres of sugar-pine land in California, do you not?

Mr. WALKER. No, sir.

Mr. CLARK. How much do you own?

Mr. WALKER. I could not tell you. I own a good sized tract.

Mr. CLARK. About 650,000 acres?

Mr. WALKER. No; it is not that much.

Mr. CLARK. It cost you about \$4,000,000, did it not?

Mr. WALKER. I am glad to find out what it cost me. I did not know just what it cost me.

Mr. CLARK. Estimated to have 18,000,000 feet of lumber in it.

Mr. WALKER. I heard some young man here who knows no more about my business than any other young fellow who could pick up something of that kind, except that he made some notes and figures which he had gathered—

Mr. CLARK. You estimate your present holdings of sugar-pine lands in California at 100,000,000 feet, do you not?

Mr. WALKER. No, sir.

Mr. CLARK. Well, what do you estimate them at?

Mr. WALKER. Oh, I own several hundred thousand acres of land.

Mr. CLARK. It has a good deal to do with whether you ought to have a duty of \$2 a thousand feet?

Mr. DALZELL. I do not think it has anything to do with it; I think it is a man's private business.

Mr. CLARK. Well, we will see if we can find out.

Mr. WALKER. There was a statement made that there was one-third of all the public timber land owned by three persons—myself, Mr. Weyerhæuser and Mr. Smith.

Mr. CLARK. I wish you would tell us, if you know, about how much land you have in California.

Mr. WALKER. I do not know what particular difference that makes—

Mr. CLARK. It makes a good deal of difference; it goes to the credibility of your evidence, if you want to know the plain, bald truth about it.

Mr. WALKER. I have never figured up the amount of lumber that I own. Probably it is half a million acres.

Mr. CLARK. Do you think the people of the United States ought to be taxed \$2 a thousand to be presented to you, who have 500,000 acres of timber land?

Mr. WALKER. I do not think any such thing.

Mr. CLARK. You said awhile ago you thought it ought to be raised, to protect the lumbermen. Is not that simply protecting the stumpage? According to all the testimony here, the only people that get anything out of this \$2 tariff tax on lumber are the men that own the stumpage.

Mr. WALKER. The rise in lumber has given more to labor, has given a greater increase in the wages of labor, than has gone to the stumpage men. That has been the case during all the years that I have been in the business. Whenever lumber rises, if it goes up 50 per cent, wages go up more than 50 per cent, and take out a proportion greater in proportion than the money that goes to the stumpage men.

Mr. CLARK. Do the laborers in the lumber business get any more than the laborers in the steel business?

Mr. WALKER. They do not get quite as much, because there is not so much protection by means of which it can be paid to them.

Mr. CLARK. Do they get any more wages than any occupation of this hard labor?

Mr. WALKER. In proportion to the value of the lumber, they get a greater proportion of rise as the lumber gets higher than the manufacturer gets. They get a greater percentage of it, and it is the law

of trade and manufacture that labor increases its proportional part more than capital; and, in fact, capital on the competition begins to run lower in percentage, and from a 7 or 8 per cent it will gradually run down to 5 or 6 per cent, and labor will gradually run along up. The competition does it.

The CHAIRMAN. Are you still manufacturing lumber?

Mr. WALKER. Yes.

The CHAIRMAN. And have been for the last ten years?

Mr. WALKER. Yes.

The CHAIRMAN. Have you any objection to sending the committee, for their inspection, the pay roll of your establishment, say for the month of May in each year from 1897 down to the present time?

Mr. WALKER. No, sir; I have no objection.

The CHAIRMAN. I wish you would kindly send us that.

Mr. WALKER. Yes, sir; I will be glad to do so. You can look it over and see that the wages that were paid a few years ago, \$1.25, are now \$2.25—

The CHAIRMAN. You send us that information and we will have that before us, and we can find out all about it.

Mr. FORDNEY. Do you know of any good reason why a manufacturer with a small plant should have any more protection than a large manufacturer?

Mr. WALKER. I do not.

Mr. FORDNEY. They are all American citizens, and if they are honest, they ought to be put on an equality, so far as protection is concerned?

Mr. WALKER. Yes. Perhaps you might say in regard to a small man—a man engaged in a small way in the lumber business—that he can not compete with a man who works on a larger scale, with improved machinery and methods; and you might say, in order to make him able to compete, that we would have to in some way give him something extra—some extra help; but there would be no way of doing it; there would be no propriety in doing it—

Mr. FORDNEY. Mr. Knappen this morning said that Mr. Weyerhaeuser, yourself, and Mr. Smith owned one-third of all the timber in the United States. How near was he to the truth when he made that statement?

Mr. WALKER. Well, the Government owns 168,000,000 acres of land, of forest land. It is claimed that Mr. Weyerhaeuser owns a million and a half acres. I am not stating what the actual figures are, but simply what it is said he owns. Put it altogether, there would be perhaps two and a half million acres of land owned by the gentlemen you have named. That statement is in line with the misrepresentation with reference to lumber and the large operators in this country that have been made generally.

The Government has 168,000,000 acres of land, and other individual owners, a large proportion of it belonging to people who own a section or half section or quarter section of land, or a similar holding; there are probably 150,000,000 acres more of timber in their hands. Putting that with the timber land owned by the Government, that would make, say, 300,000,000 acres of timber land. Perhaps I have not included the South in that. But say that those figures are somewhere near right. If it is two and a half million acres of land owned

by the three men named, that would be less than one-half per cent in place of one-third of all the timber lands.

Now, is not that a very reliable statement—to come here and make such a statement as that in reference to lumber interests?

Mr. FORDNEY. All there is in such a statement as that is to prejudice the masses of people against the man in that business.

Mr. WALKER. Yes; that is the long and short of it.

Mr. FORDNEY. That is all it is made for, and that is all there is to it!

Mr. WALKER. Yes, sir.

There is one thing I regret and one reason I am here. That is that the men who are attacked in this way stand back; never come forward to defend themselves. If I am attacked by a newspaper anywhere I will come forward and drive them out of their place, as I have always done.

Mr. FORDNEY. In your opinion, is the average lumberman a more dishonest person than the average citizen?

The CHAIRMAN. Oh, we do not want to go into that.

Mr. FORDNEY. I want to say that on account of various land frauds that have been investigated by the Government the impression has gone out that the average lumberman is a thief.

Mr. WALKER. Please let him go ahead, Mr. Chairman. I am pretty well acquainted with all classes of men. I know of no one class of men that are more honorable, straightforward, and more to be trusted, or more reliable, than the lumbermen. Now, with reference to this man who has been brought up here so much, and with reference to whom there was a scurrilous article a few years ago—I am referring to Mr. Weyerhæuser—

The CHAIRMAN. Excuse us, but we do not want to hear anything more about Mr. Weyerhæuser.

I do not want to hear anything about Mr. Weyerhæuser. We have tried him and acquitted him. Don't say anything else about him. The committee can protect itself.

Mr. WALKER. I beg your pardon if I have transgressed your rules.

Mr. FORDNEY. I think I stirred up the hornets' nest.

The CHAIRMAN. This is not a proper place to try an indictment against a citizen of the United States. It has no bearing upon the questions that we are considering here.

Mr. FORDNEY. We are talking about lumber and the character of the men engaged in that business, and so perhaps it is proper to refer to what we have referred to—

The CHAIRMAN. Whether a man is honest or dishonest, a man is entitled to his property, so far as we have any jurisdiction.

Mr. WALKER. A statement was made here to-day of the most extravagant kind, and I thought I had a right to refer to it.

The CHAIRMAN. And I have asked you to produce your pay rolls for the month of May for a number of years. Would that be a fair sample month in regard to what you paid your labor?

Mr. WALKER. Yes, sir; I think it would.

The CHAIRMAN. Then please give us those.

Mr. WALKER. We run our mills all the year.

The CHAIRMAN. We would like those for the month of May. That is all.

STATEMENT OF MR. J. L. GERNON, REPRESENTING THE PATTERN MAKERS' LEAGUE OF AMERICA.

Mr. Chairman and members of the committee, patterns were declared by the courts to come into this country free of duty. They were classified under section 616 of the free list. The Government imposes a duty under section 238 of 35 per cent ad valorem.

I understand that it is the intention of the committee to change that section and take out all reference in relation to patterns.

We believe that in addition to that there should be a duty imposed upon patterns.

This is an important business, one of the most important, so far as skill required is concerned, in the country. Pattern makers, as mechanics, are rated as the most skillful mechanics in the country. We find from the fact that they can bring them in free that we are not only up against the question of the free importation, but we are up against the importation of the mechanical improvements.

Of course that has no reference to this particular phase of it. The rate of wages in Europe is about one-third of what it is here. We have gone very carefully over it and we find that the average wages of about ten of the countries in Europe will average about \$7.75, or, we will say, \$8 a week. That is about one-third of the wages of the pattern makers in this country. That is section 616.

Mr. DALZELL. You say they have been subjected to a duty?

Mr. GERNON. They were brought in here, and the Government imposed a duty, under section 208, of 38 per cent. That is, 38 per cent ad valorem. The courts decided against that. We spent thousands of dollars to fight the matter with the Government.

Mr. UNDERWOOD. Will not the conditions now, after the decisions, leave it free trade?

Mr. GERNON. Yes. They come in free.

I would like to say this, Mr. Chairman: That while we were in doubt as to whether we came under the title of manufactured wood products or metal products, the Government has not imposed the duty under the manufactured wood products, and we thought possibly this was the proper hearing to come to. There has been a good deal said to-day of the question of machinery in Canada. We know and we find that there are about 27 per cent of our men out of work, and we give credit to the English Government and the Canadian government. They have got that since the 28th of August, I understand, that all patented articles must be manufactured in Canada. We know that in the past few years, we will take the Chanler (?) plant, they went into Montreal and bought the Bullock (?) plant, and they are manufacturing their product in America. The result is, we are going to suffer, or the American mechanics will, unless there is something of that kind established in this country.

The CHAIRMAN. There is a bill pending now on that subject.

Mr. HILL. Yes; there is a bill pending now on that subject.

The CHAIRMAN. If paragraph 616 was amended to read as follows—

Models of inventions and all other improvements to the arts, including model patterns of machinery, to be used exclusively as models and incapable of any other use—

would that meet your contention?

Mr. GERNON. I do not think so.

The CHAIRMAN. It would meet your contention, would it not?

Mr. GERNON. For this reason. I am not enough of a lawyer to decide. We spent a good deal of money for lawyers. I do not know whether that model pattern would give us the same that we had, because we were before the Board of General Appraisers, and we used all the ingenuity of our business to construct a molder's pattern and a model pattern. The board of appraisers decided in favor of us, but the courts decided against us.

The CHAIRMAN. This language was suggested by the assistant counsel for the general appraisers and approved by the general appraisers, in view of the decision of the court.

Mr. GERNON. It might be all right, but the words "model pattern" I do not like. I have the testimony here, taken in that case.

The CHAIRMAN. It is hardly necessary to put "model pattern" on the dutiable list, because it is affected by the very nature of the thing.

Mr. GERNON. Would it not be better if a duty was imposed on patterns, if patterns were put on the dutiable list? It is an important industry. I am afraid that the words "model pattern" in that paragraph are going to give us the same trouble that we have had.

The CHAIRMAN. It seems that these two models of the steamships were brought here for exhibition.

Mr. GERNON. Yes. That is another phase of it. Up to the time that the Government did away with the models in the Patent Office and used drawings that was an important part of our business. We were known then as model and pattern makers. Now there are so few models made in this country we have got down to using the word "pattern." But I remember in that hearing before the Board of General Appraisers the question hinged on a molder's pattern and the model pattern, and we had to spend money, hundreds of dollars.

The CHAIRMAN. Yes. It appears that you helped the United States to try the case. If you will see the clerk in the morning you can see the counsel of the general appraisers and talk it over with them.

Mr. GERNON. All right, sir.

The CHAIRMAN. I think that will be the best way, and probably that can be arranged satisfactorily.

Mr. GERNON. All right, sir; I am much obliged.

STATEMENT OF COL. ALBERT CLARKE, OF BOSTON, MASS.

Mr. CLARKE. Mr. Chairman and gentlemen of the committee, I represent the Rufus Deering Company, wholesale and retail lumber merchants, of Portland, Me.; also the St. Johns Lumber Company, of the same city, manufacturers of spruce and cedar, with a daily capacity of 125,000 feet of long lumber, 80,000 laths, 5,000 clapboards, and 175,000 feet of shingles.

We desire to have the present duty on sawed lumber—\$2 per 1,000 feet—continued. When there is an active demand it does not prevent a large importation, but when trade is depressed, as it has been for a year past, it affords some protection. There has been little or no profit made in the manufacture since the panic of October, 1907, but without the duty the Canadian manufacturers would have sup-

plied our market, unless our workmen would have accepted the Canadian scale of wages.

Later I will file a statement of the relative wages paid in both forest and mill in the two countries.

Spruce lumber, delivered at Boston points, is now selling at from \$20 per 1,000 feet for narrow random to \$24 and \$25 for lumber cut to order, 9 inches wide and narrower. If it is 10 or 12 inches wide the price is \$2 higher. It is obvious, therefore, that the duty affords but 9 to 10 per cent protection.

In this connection I desire to present a table of the average prices of spruce lumber, delivered in Boston, from 1897, the year of the enactment of the present tariff, to 1906, the year of the highest prices, both inclusive, which was furnished me by Walstein R. Chester & Co., wholesale lumber commission merchants in Boston.

Average prices of spruce delivered at Boston.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	1906.
Yard orders by vessel.....	\$13.50	\$10.00	\$16.00	\$14.50	\$14.75	\$17.50	\$17.75	\$18.00	\$19.00	\$30.00
Extra clapboards.....	30.00	29.00	29.00	27.00	30.50	42.00	45.00	45.00	45.00	45.00
Spruce boards.....	10.50	9.50	13.00	13.00	15.00	16.00	16.50	17.50	17.00	19.00
Pine shippers.....	16.00	15.00	17.00	20.00	20.00	22.00	25.00	25.00	25.00	25.00
Cargo hemlock boards.....	10.00	9.50	11.75	13.00	14.50	14.50	14.00	14.00	18.50	20.00
Frames.....	13.50	14.50	18.50	18.00	18.00	18.00	19.00	19.00	22.00	24.00
Furring.....	12.00	12.00	13.50	12.50	15.00	17.00	17.50	18.00	\$1.50	21.00
2 x 4" and 2 x 3".....	12.00	11.00	14.00	13.50	16.50	17.50	17.00	17.50	19.00	19.00
13" laths cargo.....	1.50	1.95	2.50	2.50	2.50	3.00	3.10	3.25	4.00	4.00
13" laths cargo.....	2.20	2.30	2.25	2.25	3.00	3.25	3.25	3.30	3.90	4.30
Extra cedar shingles.....	2.65	2.60	2.60	2.90	3.50	3.40	3.40	3.50	3.50	3.50

In transmitting it, Mr. Chester wrote:

The great changes of prices in lumber are owing, particularly in spruce, to the quantity now used by paper mills, they using nearly one-half of the entire cut; to the increased hauling distance, to enhanced cost of manufacture, and also to increased demand. Of pine, South America takes about all the 12-inch boards that are manufactured in Canada, quite a percentage of our own cut, and at prices that consumers here could not meet, even were there no duty. There can be no advantage to consumers here in taking the duty from lumber.

I respectfully call the attention of the committee to the fact, as shown by this table, that prices were not higher, but were generally a little lower, the next year after the Dingley law was enacted than they were the year before. This proves that the duty was not added to the price. Then there is the further fact that prices far outran the duty as demand increased. On spruce boards, for instance, the price became \$8.50 a thousand higher than it was when the \$2 duty was put on. It would be absurd to claim that the duty was responsible for an advance more than four times greater than itself.

Particular care should be taken to afford adequate protection to the by-products. To illustrate: The Canadians in the lower Provinces ship their best grades of manufactured lumber to England and South America, where they obtain about as good prices as prevail in the United States and have no duty to pay. Then they make millions of laths out of the edgings and slabs, and dump them upon our market under the nominal duty of 25 cents per 1,000 pieces.

This duty ought to be doubled, for, as a rule, the most money that the sawmill makes is on the waste. A duty of 50 cents per 1,000 pieces would not be out of proportion to the other lumber duties, and would not average up to the duties in other schedules.

When this duty was established the price of laths was about \$1.50 per 1,000. Two years ago it held for the entire year from \$3.90 to \$4. During the last year laths delivered by vessel in New York have brought from \$2.75 to \$3.50. The ad valorem equivalent of the duty at present is only 7.2 per cent, but when enacted it was 16.6 per cent. If it is doubled now it will not be equal to what it was then.

Mr. James W. Parker, president of the companies that I represent, informs me that "at times ten to twenty-five millions of laths from the Provinces arrive in New York in a fleet of vessels in one day." The magnitude of this by-product business, therefore, is sufficient to merit attention.

The duty of 30 cents per 1,000 on shingles is moderately protective and should either be continued or increased. There are large quantities of cedar in northern Maine and in the Canadian Provinces, and shingles made from cedar in both places compete sharply in our market.

Mr. HILL. Have you any idea that the people in Massachusetts, Rhode Island, and Connecticut, the manufacturers there, would consider for a moment the increase of duties to any such basis as you are considering there?

Mr. CLARKE. The only increase that is asked is on laths, and that would not make it equal in the ad valorem equivalent to what it was when the duty was in both.

(Thereupon, at 11.25 p. m., a recess was taken until to-morrow, Saturday, November 21, at 9.30 o'clock a. m.)

APPENDIX.

WHITE PINE.

SAGINAW, MICH., *November 16, 1908.*

Hon. S. E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: This week I believe you are to consider the lumber schedule, and so as briefly as possible I wish to suggest the advisability of removing the duty from white pine lumber imported in the rough. It is now \$2 per thousand. My reason for this is this:

For many years I was at the head of W. B. Mershon & Co., of Saginaw, later changed to Mershon, Schuette, Parker & Co., the largest manipulators and handlers of white-pine lumber in Michigan, and producing more manufactured products of white-pine lumber than probably any other firm in the country. This concern has employed as high as 1,200 men, but the business is lessened now, and greatly lessened, so probably not over one-third that number is at present employed.

I am also vice-president and one-quarter owner of Mershon-Bacon Company, at Bay City, Mich., owning a planing mill and box factory.

In the early days the Saginaw River produced all of the lumber required, but with the cutting of our Michigan timber we were compelled to go farther for raw material, and did obtain it for a few years from ports along the south shore of Lake Superior, going as far as Duluth, but many of these mills have become dismantled, for the pine has been cut and the supply found at Duluth is very meager. We then looked to the Georgian Bay district of Canada for our raw material and obtained it in satisfactory quantity, but not of the best quality, for a number of years. For the last few years it has been very difficult to get a supply, because Canada has been prospering, using a pile of lumber itself, and Canadian buyers are sharp competitors of ours when we are trying to obtain a supply of lumber from one of the sawmills in the Georgian Bay district. Again, the Canadians have built up a big export trade by reason of their ability to use unsuitable parts of this log-run white pine (and in speaking of lumber I always mean white pine) in their local trade. When we enter into competition with these Canadian buyers we are handicapped by having to pay our own Government \$2 per thousand for the privilege of bringing raw material to the Saginaw Valley to manufacture, to keep our plant and capital employed and to give employment to American labor. The result is that many lots of lumber, if we were not thus handicapped, would be obtained by us, and not only our factories kept busy, but our business increased the same way theirs

has. If the rate of growth and prosperity keeps on in Canada, in a few years all of that Canadian lumber will be demanded at home, and kept there unless we can get it without paying a tax to our own Government.

A large number of the mills, in fact nearly all of them that are doing business and owning timber limits in Canada in the Georgian Bay district, are owned or controlled by Americans, so that on an even basis of price we might have the preference in buying over the Canadian competitor.

Our freight rate from Georgian Bay mills to the Saginaw Valley runs from \$1.50 to \$1.75 per thousand on rough lumber and our freight rate to New York seaboard in the shipment of the manufactured product by rail is just about the same per thousand feet as that of the western Ontario district. In fact, Toronto manufacturers can ship via Montreal or via St. Johns, New Brunswick, at a lower freight rate for export than we can from here. The establishment of a bonded lumber yard is not practicable for us. We have tried it, and it is a failure, for the percentage of log-run lumber that is suitable for export is so small.

The rebate or drawback on the manufactured article worked fairly well, but we never got as much back as we paid out for duty on the exported manufactured article, owing to the red tape employed by the department and the method of figuring waste, etc., which is always against the American manufacturer and the length of time it takes to collect the drawback, the expense of hiring lawyers or agents to get it for us and all that makes it not worth the powder.

Mershon, Schuette, Parker & Co. are large manufacturers of packing boxes, and these necessarily must be cheap and low priced, for they are used but once and destroyed. The increased cost of white pine, when you figure it must be obtained in Canada, and then our Government must be paid \$2 per thousand for the privilege of bringing it here and making it into boxes to be consumed by manufacturers in our own country, is rapidly destroying that industry.

So here is a case where the duty can be removed from raw material without affecting in any way the price of white-pine lumber at home, but it would be the means of increasing the supply of raw material that is available for the employment of American capital and American labor. We ought to be in a position where we can get this lumber to use here in the United States and keep it away from the Canadian manufacturer. Put us on an even basis in our competition in buying, and for many years yet we will be able to prevent the Canadian manufacturer from expanding and increasing his business at our expense.

Speaking of "manufacturing lumber," please understand it relates to taking the rough-sawn boards and manufacturing into flooring, siding, molding, window frames, doors, mantels, and a thousand and one other articles of manufacture, and is not to be confused with the manufacture of logs into lumber. That is the work of the saw mill in Canada and ours is the work of the planing mill, box factory, etc., in the United States.

Yours, truly,

W. B. MERSHON.

RED CEDAR.

RICHMOND, VA., November 16, 1908.

HON. SERENO E. PAYNE, Esq.,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We beg to call your attention to the fact that tariff act of July 24, 1897, contains no clause applicable to red cedar (*Juniperus virginiana*), which is commonly known in this country as pencil cedar, the clauses Nos. 198 and 700 clearly referring to cigar-box cedar or Spanish cedar (*Cedrella odorata*).

Up to the time of this act, there had been no red cedar imported into this country, and we are anxious to get this timber in the new act. Up to the present time the pencil manufacturers of the world have found the red cedar of the States better suited for their purpose than any cedar known, but owing to the fact that the life of the cedar in the United States will only last a very few years, the pencil manufacturers will be forced soon to go to foreign countries for this timber.

We understand that all logs brought into this country, whether round or hewed, are free of duty. To this class on the free list, we would like to have added red cedar, sided or squared. The fact of siding or squaring in no way enhances its value in this country over hewn logs, but owing to the difficulty of getting good hewers in foreign countries, we might find it to our advantage to bring this timber in sided or squared. All of this red cedar would be worked up into very small boards for lead pencils, or cut into tongued and grooved boards for cedar closets. None of this timber would be used in the original shape in which it is brought in.

If your committee sees fit, we would like to have entered on the free list the following clause:

Red cedar (*Juniperus virginiana*) timber, hewn, sided, squared, or round.

It will be perfectly agreeable to us should you wish to add to this: provided it is not used in the original shape in which it is brought in.

Very respectfully,

GULF RED CEDAR COMPANY,
W. H. PARRISH, *President*.

LAUREL OR BRIER WOOD.

HACKETTSTOWN, N. J., November 17, 1908.

House Ways and Means Committee, Washington, D. C.

GENTLEMEN: I wish to call the attention of your honorable committee to the fact that there is now no tariff upon laurel wood, commercially known as "brier" wood, for pipes. There ought to be a tariff on it of at least 50 per cent, because there are millions of tons of it in this country; but on account of the high price of labor in this country and of the cheap labor in Italy we can not compete with the product of that country. At present this wood comes into this country sawed in shape for manufacture into pipes, and therefore it is not "raw material," and that industry here ought to be protected

to at least the extent above referred to. There is now imported into this country about \$500,000 worth of this wood annually, whereas this money should be kept in this country.

The average cost of blocks sawed in shape is about \$2.50 per gross. The business here is practically nothing on account of the lack of protection against the foreign product. The manufactured product (pipes) now has a duty of 60 per cent, which is a reasonable protection to the industry. I wish, therefore, to appeal to your honorable committee to see to it that the above request is granted.

Very respectfully,

LEWIS T. LA BAR.

NEW YORK, November 18, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Being manufacturers and importers of pipes and smokers' articles, we take the liberty of addressing you in reference to tariff revision on these articles.

Established in 1863, we imported all our goods, and when a higher protective tariff of 75 per cent ad valorem and \$1.50 per gross specific duty came into existence we were encouraged to commence manufacturing here..

When a revision of the tariff took place we used our efforts to have the Committee on Ways and Means reduce the rates on smokers' articles to 75 per cent ad valorem, to take off the specific duty, and to place raw materials, such as French brier-wood blocks, on the free list, as we had been considerably hampered owing to duty on this material. This French brier wood is the only wood in existence which is practical for a useful pipe, and nothing has been found in this country which could be applied as a substitute.

The very last revision of the tariff reduced the rate to 60 per cent. Foreign manufacturers were then very much encouraged and made special efforts, and so did the importers here who had no interest in the American factories, and the result was larger importations, whereby the American industry here had to suffer. This, luckily, was overcome later on, as the price of labor in Europe increased with larger importations.

We have an experience of about forty-five years, have the largest plant in this country or Europe, with the best equipment; have, of course, never been able to do any exporting to Europe, but we are still importing such goods on which the cost of labor is the predominant part of the total value. The enormous difference between the cost of skilled labor in America and that of Europe (the purchasing power of 40 cents there being equal to that of \$1 here) is the item we have to contend with.

The importations in smokers' articles, at invoice price, including duty (which means our cost price) as per custom-house records, for the fiscal year of 1907, amounted to a little over \$1,800,000.

This country produced in pipes and smokers' articles, figuring the manufacturer's cost, during the same period the sum of about \$3,500,000.

The importations of the year 1906 were \$1,250,000, including duty, while the production in this country during the same time was fully 20 per cent less than in 1907.

These figures are a conclusive proof of the fairness of the present tariff. While protecting the American manufacturer, it still permits the importation of smokers' articles equal to 45 per cent of the goods manufactured in this country. Therefore any reduction of the tariff would seriously harm the American industry. As much as we have been opposed in the past to an excessive duty, which invariably leads to an unhealthy condition, we to-day are strongly in favor of maintaining the present rate, which has proven to be a just one to us, being importers as well as manufacturers, and to the Government.

Permit us to suggest, as our senior advised many, many years ago, the enactment of a law to compel the European merchant to file an oath in the manner prescribed by his respective country as to the correctness of his invoice, and that our consul should not pass same without certificate of such oath. We know for a fact that some European merchants do not realize the sanctity of an oath when made in the American way, without any formalities, whereas an oath executed in the manner they are accustomed to, and lawful in their respective countries, is less liable to be misused, because this is the only oath which they consider binding. If this procedure were followed it would have a tendency to correct the evil of undervaluation, which would be an additional protection to the American industry.

Yours, respectfully,

WM. DEMUTH & Co.

RATTANS AND REEDS.

BROOKLYN, N. Y., November 18, 1908.

Chairman Committee on Ways and Means, Washington, D. C.

GENTLEMEN: The writer had intended to appear before your committee on behalf of the rattan industry, but finds that it is impossible for him to do so, and therefore begs to inclose our petition for a tariff to be imposed, as under the present conditions there is very little relief, if any, afforded to this industry. All of which is respectfully submitted to your valued consideration.

Very truly, yours,

AMERICAN RATTAN AND REED MANUFACTURING CO.,
JOS. SALOMON, *Secretary*.

Chair cane, rattans, and reeds wrought and manufactured from rattans, as embraced in paragraph 206 of the present tariff, and also referring to paragraph 700 of the free list.

The merchandise or product involved is chair cane and reeds, such reeds being originally manufactured from rattan. We would suggest that these items should be taken out of the present paragraph 206 and a new paragraph, for example, 207, be created for these items only, and which would read as follows:

All reeds, manufactured from rattan or reeds, such reeds being originally manufactured from rattan, to be dutiable as follows: Up to and including one-tenth inch diameter, a duty of 15 cents per pound; over one-tenth inch diameter

and not exceeding one-fourth inch diameter, a duty of 5 cents per pound; over and above one-fourth inch diameter, a duty of 3½ cents per pound; flat and oval reed, a duty of 10 cents per pound; woven reed, a duty of 20 cents per pound.

Chair cane, as wrought or manufactured from rattans, to be dutiable as follows: Up to and including three-sixteenth inch width, 20 cents per pound; wider than three-sixteenth inch width, 10 cents per pound.

Woven rattan, a duty of 50 cents per pound.

The present tariff, 1897, imposes a duty of 10 per cent on all the above-mentioned items excepting woven reed and woven rattan, which are not enumerated, and besides the above, reeds wrought and manufactured from rattan, and which are one-fourth inch diameter and over are now allowed to come in free of all duty.

It is self-evident that the present tariff affords really no protection to the rattan industry of the United States, but rather seems to encourage the foreign rattan industry, as the foreign product can be placed in this market with hardly any duty whatsoever, and with the enjoyment of very low freight rates, coupled with the cheap German and Chinese labor which the foreign factories enjoy, allow them easily to place their product in this market and undersell us.

If afforded proper relief and protection from this cheap Chinese and German labor and also other conditions which they enjoy and which allow them to place their product in this market and undersell us, we feel confident that the rattan industry in the States will quickly develop into a very important branch of trade.

In the present tariff, paragraph 700 of the free list, as far as it relates to this industry, reads as follows:

Bamboo, rattan, reeds unmanufactured, etc., and other woods not specially provided for in this act, in the rough, or not further advanced than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, fishing rods, or walking canes.

At present and for some time past, "reeds wrought and manufactured from rattan" and which are one-fourth inch diameter and over are allowed to come to this port free of all duty, as it is claimed that this is the class of stock which are "reeds unmanufactured," which is certainly an error and a great injustice to us. We maintain that reeds unmanufactured, is a reed which owes its creation to natural growth, and not to any course of manufacture. This is evidenced by sample we hand you marked No. 1. The accepted meaning of the word "reed" is, an aquatic plant or large grass with hollow jointed stems, similar to bamboo species, and which is fully evidenced by sample No. 1.

This rattan reed, which is allowed to come in free of duty, owes its existence in creation by being manufactured from the rattan stick. This rattan stick is subjected to a process of sorting, cleansing, splitting, dressing, etc., which necessitates a considerable amount of hand labor, and when the enamel of the rattan is taken off, the pith of the rattan, or the reed, is the product, as is evidenced by sample No. 2 herewith submitted, and the production of this rattan reed is attended with as much labor and expense, etc., as the production of chair cane, and which chair cane is on the dutiable list.

This paragraph 700 of the free list, as far as it relates to rattan, reeds, etc., is in direct contradiction to paragraph 206, which latter paragraph distinctly reads: "Chair cane or reeds, wrought or manufactured from rattans or reeds, 10 per cent ad valorem." And in opposition to this the authorities allow reeds wrought and manufac-

tured from rattan or reeds from one-fourth inch diameter and upward to come in free, according to what they claim under paragraph of the free list, "Reeds, unmanufactured."

We are confident that you will readily agree with us that this is totally wrong, as paragraph 700 intends raw material of reed nature to be admitted free of duty. Then we would suggest that the words "Reeds, unmanufactured," be expunged from such paragraph, and instead there should be inserted "Natural-growth reed," as we feel that it was not the intent of Congress to allow a manufactured product of this nature to be free of all duty, but simply to apply to a natural growth and raw article.

The importation of raw material into Germany and the Chinese Empire is about five times the quantity that is imported into this country, whereas if this industry was afforded proper protection against this European and Chinese labor we would be enabled to increase this industry considerably and employ many more people.

We know of no country excepting England that would allow us to send these reeds into their dominion that does not have a heavy protective tariff to protect their own industries, especially so Germany, who protect their manufacturers and who ship this stock here almost free of all duty because we allow it; and in Germany they charge a duty at so much per kilo, or on the weight basis, such as we request, and which we consider is the proper way.

We are quite confident that after your committee has thoroughly considered this petition that you will recognize that a proper tariff should be afforded this industry.

We have not entered into any argument regarding the cheap Chinese and German labor which our foreign competitors enjoy, as against the high-priced labor which we are compelled to pay here in America, as we feel that you are fully acquainted with such facts, all of which is respectfully submitted.

We are also inclosing a sample of rattan, raw material, so you will find herewith three samples. Sample No. 1 shows the natural-growth reed. Sample No. 2 shows the reed as manufactured from rattan, and which is taken from the heart of the rattan stick. Sample No. 3 shows the rattan or raw material in the original state. All of which is respectfully submitted for your valued consideration.

Very truly, yours,

AMERICAN RATTAN AND REED
MANUFACTURING COMPANY,
JAS. SALOMON, *Secretary*.

WILLOWS.

Personal.

LIVERPOOL, N. Y., *November 16, 1908.*

MR. SERENO E. PAYNE,

*Chairman of Ways and Means Committee,
House of Representatives, Washington, D. C.*

HONORABLE SIR: In this inclosure we present our plea for better conditions in regard to the tariff on willows and baskets than we are now enjoying (?)

Will you permit us to remind you, Mr. Payne, that as a neighbor of ours you are largely interested in the willow industry directly and

the basket business indirectly. More baskets are made in Liverpool than anywhere else in the country. Probably one-third of our supply of willows comes from Wayne County. You may recognize as among your constituents the names of William Facer, Henry Kaiser, C. G. Blaine, Mrs. L. C. Parshall, Mrs. Williams, Dewitt C. Parshall, Henry Folkey, John A. Holmes, August Hill, and E. L. Gilbert, of Lyons; R. R. Barnes, Nicolas Desanto, and H. E. Exner, of Clyde; H. E. Farmer, Peter Van Ditto, and Mrs. Andrew Shelter, of Port Byron. There are, of course, others.

All of these parties are willow growers, and without question would appreciate what you would do for them in the way of helping to protect one of the products of your district. Willows will adapt themselves to low and otherwise unproductive land. There is a lot of low land in old Wayne that can grow willows if it pays. If this is not a struggling industry, what is?

We make a personal appeal to you, Mr. Payne, to help us out in this matter and at the same time do a good service to your own home district. Mr. Driscoll can not be there personally, but he is strongly with us in this matter.

With great respect, we are, yours, very truly,

A. H. CRAWFORD,
FRED. WYKER,
E. V. AIKEN,
THOS. METCALFE,

Committee of the Business Men's Association.

*The Ways and Means Committee,
House of Representatives, Washington, D. C.*

HONORABLE GENTLEMEN: Not being able to send a personal representative to present our case before you when willows and willow baskets are reached by you in the schedule on November 20, we desire, respectfully, to submit the following:

This industry was started in this country about fifty years ago, but has never been adequately protected. Proof that it is a struggling industry is that at this date only about 1 square mile, altogether, is now producing willows in this entire country, although no soil or climate in the world is better adapted than our own for its culture. No better workmen can be found in any country than ours. We make the best goods in the world, except in the fancy lines, and with proper protection we could successfully compete in those.

In spite of these favorable circumstances, there were imported into this country for the year 1907 about \$185,000 worth of willow baskets and about \$35,000 worth of willows. Please verify these figures by the Bureau of Forestry, Department of Agriculture, Washington, D. C. At the fictitious valuation (see explanation further on) of about one-third their real value this would make the real value of these imports about \$660,000.

About 2,000 tons of domestic willows are annually worked up in this country. When manufactured into baskets this would represent about \$160,000 worth at jobbers' prices. We have then \$660,000 worth imported, as against \$160,000 worth of the domestic production, or

about as four to one. In other words, we are having about one-fifth of our home market.

The cause of this difference is not crop failure nor business depression, as our production and prices for 1907 were about the same as for 1906 and former years. The prime cause is that our fence is too low.

As this business is conducted in this country, the sets are stuck in the ground by hand, cultivated by horse, and hoed by hand. No harvester can touch a crop of willows. Every reed must be cut by hand, bundled, steamed, stripped of bark, and made into baskets entirely by hand. There is not a turn of a wheel from field to consumer. Many attempts have been made to introduce machinery, especially in taking off the bark, and even in making the baskets, but none so far have been anything more than costly experiments. At present it seems to be inevitable that this industry must remain a handicraft in every sense of the word.

These things being true, how can American workmen compete with the foreign maker who earns from 25 to 38 cents a day and who won't or can't come over here and help support American institutions, but seeks only our markets? An ordinary workman with us at the skilled trade of willow clothes basket making, earns in ten hours 90 cents to a dollar a day. If, then, as both political parties claim, the tariff should represent the difference in wages between the foreign and the domestic workman, we claim decidedly that there is something coming to us in the matter of a raise in duties on willows and baskets.

Last year the willow stripper of this country received \$10 to \$12 a ton. This year \$8 to \$9. This work is done by men, women, and children, can be done indoors, and in the winter; but the man who does the heavy parts of the work does well to make 40 or 50 cents in ten hours. The others in proportion. How can an American citizen work for such wages and retain his self-respect, let alone pay rent and live?

Domestic willows brought last year \$25 a ton when cut and delivered at the cars green. This year they were \$20. The freight, the steaming (\$1.50 a ton), and the stripping and drying (\$12 a ton) makes, say, \$38.50 a ton. One ton of green willows will yield about 700 pounds of stripped dried rods ready for the basket. This figures about 5½ cents a pound for the willow prepared for basket making.

If we ship to other cities for a market \$1 to \$2 per ton more must be added for better binding and packing. We find then that the true raw material costs \$20 a ton against 5½ to 6 cents a pound, or \$100 to \$120 a ton, for the dried willows. Why are not these a manufacture and as such entitled to the same protection as other manufactured articles? Foreign willows were sold last year for 3½ to 6½ cents a pound. We respectfully ask your careful consideration of this question.

By some arrangement we understand whereby the President is allowed to make emergency treaties with other countries; willows and baskets have been made a scapegoat to make good for threatened boycott in meats or something else. Importers are allowed to make their own valuation in willows and baskets. Baskets and willows have been imported at an appraisal as low as one-third the amount

they are actually sold for on this side. The exporters, by the way, are usually American importers or their traveling agents.

The Government, through the Agricultural Department, is helping us in all ways possible. The Bureau of Forestry connected with the Department can give information probably that you may require which we have not here given.

We respectfully ask that you grant us:

First. An increase in duty on manufactured articles to 60 instead of 40 per cent as now.

Second. An increase in duty on peeled willow, now perhaps called raw material, to 50 instead of 20 per cent as now.

Third. An appraisal at full value on this side.

We protest in the strongest terms against the appraisal of these goods at a fraction of their value by the exporter or the importer.

We earnestly urge your careful consideration of the statements and requests herein set forth.

With great respect, we are, yours, truly,

A. H. CRAWFORD,
FRED WYKER,
E. V. AIKEN,
THOS. METCALFE,

Committee of the Business Men's Association.

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 11.

SATURDAY, NOVEMBER 21, 1908.

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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

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SAMUEL W. MCCALL.
BENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
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CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk*.

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Saturday, November 21, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. The hearing this morning is on the paper schedule, and we will take up the subject of lithographic prints. Is Mr. Meyercord present?

Mr. MEYERCORD. Yes, sir.

The CHAIRMAN. You may proceed, Mr. Meyercord.

STATEMENT OF MR. GEORGE R. MEYERCORD, CHAIRMAN TARIFF COMMITTEE OF THE NATIONAL ASSOCIATION OF EMPLOYING LITHOGRAPHERS, CHICAGO, ILL.

Mr. MEYERCORD. Mr. Chairman and members of the Ways and Means Committee, I represent the tariff committee of the National Association of Employing Lithographers, representing over 350 factories, employing a capital of over \$50,000,000, and employing over 20,000 workmen, and desire to present the necessity of radical changes regarding the import duties on lithographic products of all descriptions.

The paragraphs of the present law affecting the lithographic industry are 398 and 400, which read as follows:

398. Surface coated papers not specially provided for in this Act, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basic photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, thirty per centum ad valorem.

400. Lithographic prints from stone, zinc, aluminum, or other material, bound or unbound (except cigar labels, flaps, and bands, lettered or otherwise, music and illustrations when forming a part of a periodical or newspaper and accompanying the same, or if bound in or forming a part of printed books, not specially provided for in this act), on paper or other material not exceeding thirty-five square inches, but not exceeding four hundred square inches cutting size in dimensions, eight cents per pound; exceeding four hundred square inches cutting size in dimensions, thirty-five per centum ad valorem; prints exceeding eight one-thousandths of one inch and not exceeding twenty one-thousandths of one inch in thickness, and not exceeding thirty-five square inches cutting size in dimensions, five cents per pound; lithographic

prints from stone, zinc, aluminum, or other material, on cardboard or other material, exceeding twenty one-thousandths of one inch in thickness, six cents per pound; lithographic cigar labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material, if printed in less than eight colors (bronze printing to be counted as two colors), but not including labels, flaps, and bands printed in whole or in part in metal leaf, twenty cents per pound. Labels, flaps, and bands, if printed entirely in bronze printing, fifteen cents per pound; labels, flaps, and bands printed in eight or more colors, but not including labels, flaps, and bands printed in whole or in part in metal leaf, thirty cents per pound; labels, flaps, and bands printed in whole or in part in metal leaf, fifty cents per pound. Books of paper or other material for children's use, containing illuminated lithographic prints, not exceeding in weight twenty-four ounces each, and all booklets and fashion magazines or periodicals printed in whole or in part by lithographic process or decorated by hand, eight cents per pound.

We ask that section 400 be amended to read as follows—this is the proposed amendment to paragraph 400:

Lithographic prints, from stone, zinc, aluminum, or other material, bound or unbound, not elsewhere specified, and any article made up in chief value of lithographic prints.

These are additions to that particular part of the paragraph. The object of this is to take any ambiguity out of the law.

The CHAIRMAN. I think the word "and" should be used in place of the word "or," as the court might interpret that to involve all those items.

Mr. MEYERCORD. It reads:

and any article made up in chief value of lithographic prints.

The CHAIRMAN. I mean in the first clause "or other material" should read "and other material." You read it, "lithographic prints, from stone, zinc, aluminum, or other material." The court might construe that to involve all of those items before collecting any duty.

Mr. MEYERCORD. I thank you for the suggestion, Mr. Chairman.

The schedule is:

	Rate of duty (cents per pound).
On paper or other material not exceeding $\frac{1}{1000}$ inch in thickness.....	30
If embossed or die cut.....	33
If both embossed and die cut.....	36
Exceeding $\frac{1}{1000}$ inch and not exceeding $\frac{2}{1000}$ inch in thickness.....	20
If embossed or die cut.....	22
If both embossed and die cut.....	24
On cardboard or other material exceeding $\frac{2}{1000}$ inch in thickness.....	12
If embossed or die cut.....	13
If both embossed and die cut.....	14

It then goes on with the former schedule. "Lithographic cigar labels" we have changed to read "lithographic labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material."

We have eliminated the word "cigar" and have made it read "lithographic labels," the reason for that being that perfume labels, under the same general heading, receive 2 or 3 per cent protection under the Dingley law. On account of the fact that they are very small and high classed and in many respects identical to the cigar labels, we eliminate the word "cigar" and make it read:

Lithographic labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material.

The schedule itself reads:

	Rate of duty (per pound).
Labels and flaps, if printed in less than 8 colors (bronze printing to be counted as three colors), but not including metal leaf printing-----	\$0.30
Bands printed in less than 8 colors (bronze printing to be counted as three colors), but not including metal leaf printing-----	.60
Labels and flaps printed in 8 or more colors (bronze printing to be counted as three colors), but not including metal leaf printing-----	.40
Bands printed in 8 or more colors (bronze printing to be counted as three colors), but not including metal leaf printing-----	.80
Labels and flaps printed in whole or in part in metal leaf and not over five additional printings-----	.50
Labels and flaps printed in whole or in part in metal leaf and over five additional printings-----	.75
Bands printed in whole or in part in metal leaf and not over five additional printings-----	1.00
Band printed in whole or in part in metal leaf and over five additional printings-----	1.50
For any embossed label, flap, or band add-----	.10

The CHAIRMAN. That is doubling the duty, generally?

Mr. MEYERCORD. That will be explained later, Mr. Chairman.

The CHAIRMAN. I ask you if that is not a fact, that it is doubling the duty?

Mr. MEYERCORD. In some instances and not in others.

The CHAIRMAN. I hope you will explain what effect that would have on the industries which use these things.

Mr. MEYERCORD. Yes, sir.

Decalcomania transfers: Ceramic prints on simplex paper, \$2.50 per pound.

It might be well for the committee to see a sample.

The CHAIRMAN. We understand about that. That is not a new subject.

Mr. MEYERCORD:

Ceramic prints on duplex paper, 70 cents per pound.

Simplex is the single sheet. Duplex is the double sheet in the form it is printed [exhibiting sample].

Decalcomania transfers backed with metal leaf, 70 cents per pound.

All other decalcomania transfers, 45 cents per pound.

Here is an amendment to the present schedule which reads:

If any article in schedule is manufactured of lithographic prints of different thicknesses, the major portion in size shall control the rate.

The object of that is, sometimes there are two types of lithographs pasted together—one is thin stock and the other thick stock—and they come within different divisions of the schedule on account of the unit of thickness. We take the major portion in size as the dividing line as to which class it shall come under. The object of that is to prevent any ambiguity in the schedule or in the classification.

A further recommendation which we make reads:

We recommend that paragraph 398 be amended to exclude all papers printed by lithographic process, so that all lithographic products will fall within the purview of paragraph 400 as amended herein.

There have been numerous court decisions and great confusion as to paragraph 400. It is probably one of the most confusing paragraphs to interpret in the entire Dingley tariff act. We seek to

eliminate that confusion and bring every item of lithography under the purview of paragraph 400.

The CHAIRMAN. How much would that increase the duty?

Mr. MEYERCORD. That would be about a stand-off, in some cases lowering and in some cases raising the duty. You might cite instances where paragraph 400 will even apparently double the duty, will put some items at a very small ad valorem and other items at a prohibitive rate; but the general intent is to clarify the air in the sense of seeking to adhere to practically a uniform standard of protection.

The CHAIRMAN. Why not bring those items in under paragraph 398?

Mr. MEYERCORD. Simply because there are provisions here that cover them in paragraph 400, under eight one-thousandths of an inch in thickness. In other words, the surface-coated paper lithographic prints represent a sheet form of product that comes in intended to be used on the outside of candy boxes and the like, and the same process of manufacture would be used for a print that would come under that part of the paragraph reading, "not exceeding eight one-thousandths of 1 inch in thickness." It is the same principle and there is no sense in having that come under a new schedule entirely.

Mr. BOUTELL. We had here the other day, when the tea schedule was under discussion, some exhibits of very elaborate packages in which the tea was imported, some of them being very elaborately engraved and lithographed, which were admitted free, as they claimed. Does this amendment cover the use of those packages?

Mr. MEYERCORD. That, I should say, would come under the distinctly administrative section, it being the wrapper that contains the tea shipped to this country.

The CHAIRMAN. It turns out that was an entire mistake and that that is amply provided for.

Mr. MEYERCORD. This industry is somewhat more than 100 years old; originated in Germany and from there has spread to all countries of the world. It has assumed a very considerable magnitude and, like most industries carried on in this country (but to a greater extent than most others), the workmen have prospered, receiving large remuneration for their services, thereby becoming self-respecting, thrifty citizens.

The present tariff is a most inequitable one. It is most crudely devised, not properly divided into classes of work, making it very difficult for the government officers to determine as to what class the work belongs, and on many classes of importation affords absolutely no protection at all.

From almost all of the States of Europe, particularly from the German Empire, imports come, the reason for this being that the lithographers in Germany receive less wages than those of other States of Europe.

We should have revision because wages paid in the lithographic industry in the German Empire are, stated broadly, at the rate of 1 mark (say 24 cents) to \$1 paid here.

In Germany a lithographic artist is paid 32 to 36 marks (\$8 to \$9) per week; a man of like ability in this country is paid from \$30 to \$35 per week.

In Germany a steam-press printer is paid from 20 to 32 marks (\$5 to \$8) per week, and from \$20 to \$35 per week in this country.

In Germany feeders (female labor) are paid from \$3 to \$4 per week, while the minimum in this country (male labor) is \$10.50 per week on the smallest press and running up to \$17 per week on the largest press.

A like proportion holds good in every branch of the industry.

The industry in Germany is fostered by states or municipalities. Schools of art and drawing are established and maintained at the cost of the state or municipality, thereby placing more efficient workmen in the trade than is possible at present in this country.

The unions connected with the lithographic industry in this country have established a minimum weekly wage for artists, engravers, transferers, provers, and printers of \$20 per week. The employers' organization have accepted this as their own, and there is no member of an employers' association in the United States at the present time paying less than the minimum scale of wages; on the contrary, they are paying very much larger wages.

In the printing department the employers are paying a minimum rate on Nos. 1, 2, and 3 stone presses of \$20 per week; Nos. 3½ and 4½, \$22 per week; Nos. 5 and 5½, \$25 per week; one-color rotary, \$25 per week; two-color rotary, \$27 per week; three-color rotary, \$30 per week, while the wages paid are generally much higher than the minimum rate.

Transferers and provers are paid very much higher wages than the minimum adopted by the union, few in the larger cities working for less than \$25 per week, and from that up to \$40 per week.

The minimum for stone artists is \$20 per week, but the great majority of artists are paid above \$25 per week, their wages running up to \$60 per week, while sketch artists are paid from \$25 to \$100 per week, or more.

The workmen in other branches of the industry are paid, as stated above, at least four times as much as is paid in Germany. This is particularly noticeable in the employment of female labor. It can be stated that there are few, if any, work girls in this country in our industry paid less than the minimum wage of \$5 per week, the great majority being paid much higher wages, while the wages paid in Germany for like labor is from \$1 to \$1.50 per week.

A bulletin recently issued by the United States Census Bureau shows that the average weekly wage paid to all those engaged in the lithographic industry, whether skilled or unskilled, amounts to \$16.45 per week, there being only one vocation (that of lapidary) which is paid higher.

Because the manufacturers of lithographic prints in Germany sell goods in this country below the market price for the same goods in Germany, and in some cases bill goods to their own branch offices in this country at less than the market price there.

If you would like to have me qualify that statement I can show you how it is done.

A common practice being that the cost for the designing and drawing on stone is not included, but this portion of the cost is calculated upon the price for the European market; the value of such work is in many cases greater than the cost of printing and paper and is not included in the exporters' invoice. These practices result in making

the figures of our Treasury Department very inaccurate and unreliable as to what the present specific duty on lithographic prints produces in ad valorem equivalent. The computations made by the Treasury Department are based on the values given on the foreign exporters' invoices, which, as above stated, are not the true value of the goods abroad.

Importations of lithographic prints (exclusive of those articles, very large in number, which were classified as "manufactures of paper") amounted in the year 1899 to \$799,475; in the year 1907 to \$3,968,542; in 1908, the last fiscal year ending in July, to \$4,911,102. There were several million dollars additional to that not included under paragraph 400. Approximately \$7,000,000 worth of paper was imported in the last twelve months.

You will notice that we do not give the importations prior to 1899, and regret that we can not do so, which is due to the fact that all articles in the paper schedule, including lithographs, parchment papers, etc., were combined in one item in previous reports of the Treasury Department. These importations were not segregated until the end of the fiscal year 1899.

Based on the figures furnished by the Treasury Department, the specific duty transferred to an ad valorem rate (computed on the erroneous values given in the invoices) amounted to 0.1923 per cent.

To illustrate: In certain articles, such as cigar bands, the European manufacturers have taken the largest part of the market out of our hands, and a number of American manufacturers have been obliged to import the articles instead of doing the work in this country, owing to the lower cost of production abroad.

We give figures showing what the percentage of wages, paper, materials, etc., is to entire cost of production, as also the duty we have to pay under the present tariff law.

	Percentage of total cost of production.	Duty under present tariff.
		Per cent.
Wages.....	41	
Paper, surface-coated.....	29½	0.555
Materials.....	16	20 to 45
Insurance, rent, and power.....	7	
Color.....	3	30
Bronze and metal leaf.....	1½	23½ to .909
Superintendence.....	2	
	100	

The yearly value of the product of the industry in the United States is not less than \$25,000,000.

Computed on the official statistics of importations published by the Treasury Department for the fiscal year 1907 the specific and ad valorem duties were equal to 0.1923 per cent. The wages in the United States equaling 41 per cent of the cost of production stated at \$17,500,000 would amount to \$7,175,000, while the wages paid in Germany would amount to \$1,793,750, showing increased wages paid in the United States of \$5,381,250 on a production at cost of \$17,500,000, which shows that the specific rate in the present tariff laws, which only produced 0.1923 per cent ad valorem, does not protect the workingman in the United States.

That we are losing business under the present tariff at a rapid rate is shown by the fact that during the depression in business in 1908 the production in the United States has decreased about 25 per cent, while the imports during the same period have increased nearly 30 per cent, thus depriving our workmen of employment.

Mr. UNDERWOOD. What is the total production in the United States?

Mr. MEYERCORD. About \$25,000,000.

Mr. UNDERWOOD. And how much do the imports amount to?

Mr. MEYERCORD. About \$7,000,000, which after the duty is paid and the cost of marketing, which is very large, makes it run to \$11,000,000 or \$12,000,000.

Mr. UNDERWOOD. I am talking about the amount of importations.

Mr. MEYERCORD. About \$7,000,000.

Mr. UNDERWOOD. What do the exports amount to?

Mr. MEYERCORD. I have not those figures, but I do not believe they amount to more than \$1,000,000.

Mr. UNDERWOOD. Where do you send the foreign shipments to?

Mr. MEYERCORD. Where do we export to?

Mr. UNDERWOOD. Yes, sir.

Mr. MEYERCORD. Largely to Mexico, Canada, and Cuba; just our close markets.

Mr. UNDERWOOD. And you come in competition in those countries with this class of paper made in this country, or is it paper shipped from abroad?

Mr. MEYERCORD. Largely paper shipped from abroad.

The CHAIRMAN. I would suggest, Mr. Underwood, that you permit the witness to finish his statement, as there is a larger number of people to be heard to-day than yesterday.

Mr. UNDERWOOD. Very well; that is entirely satisfactory to me. I thought he had finished his statement.

Mr. MEYERCORD. It is deemed wise to separate decalcomania, and give it a separate schedule entirely. The Hon. J. B. Reynolds, Assistant Secretary of the Treasury, suggested this be done; also numerous customs officers deem it necessary. And, in view of the fact that decalcomania is a separate article of commerce, bought and sold, and has a different use than lithographs, and, further, in view of the fact that the industry represents several millions a year in sales, it is important enough to be separately classified. There are a number of factories that manufacture decalcomania in this country.

Decalcomania is a transfer picture printed either on simplex or duplex paper. Duplex is a heavy type of single paper and when stripped it becomes simplex. It is transferred from this paper to furniture, machinery, pottery, glass, and the like, and consists of three distinct types for the purpose of customs classification.

Ceramic prints are all printed on duplex paper, but can be turned into simplex by stripping the tissue from the heavier backing paper, and hence when in tissue-paper form would weigh very little, only 20 to 28 pounds per thousand sheets. Ceramic decalcomania is used for decorating china and glassware, and is composed of metallic colors, which metallic colors are almost entirely imported, and now pay 30 per cent ad valorem tariff. Duplex paper never has been made in this country, and no attempt has been made to make it in this country, and pays 35 per cent ad valorem. It was originally classified

under the Dingley law under paragraph 403 at 25 per cent ad valorem, but advanced to 35 per cent ad valorem, as a result of a court decision, and classified under paragraph 407, as a manufacture of paper.

In view of the fact that the metal leaf used is aluminum leaf, and at 6 cents per hundred leaves, the tariff is equivalent to 70 per cent on the value, and as metal leaf represents a large proportion of the cost of the article, and as it weighs practically nothing, the duty is placed at 70 cents per pound.

The other than ceramic decalcomania transfers prints can not be successfully shipped as tissue stock, hence there is no need of mentioning the word simplex or duplex in connection with same.

The brief is signed by Robert M. Donaldson, Horace Reed, and myself.

The CHAIRMAN. Do you know what the domestic production under paragraph 400 was in 1905, according to the census of that year?

Mr. MEYERCORD. About \$25,000,000, lithographs of all kinds.

The CHAIRMAN. The importations last year were \$3,930,000—about \$4,000,000?

Mr. MEYERCORD. I find that I have skipped a number of years, but the importations were \$3,968,000 in 1907 and \$4,911,000 in 1908.

The CHAIRMAN. What proportion of that is used by the manufacturers?

Mr. MEYERCORD. The manufacturers and jobbers consume practically all of it.

The CHAIRMAN. I do not care about the jobbers. I want to find out about the manufacturers, what proportion of this product they consume.

Mr. MEYERCORD. I venture to say that they consume 90 per cent of it.

The CHAIRMAN. So that the general heavy increase you propose would necessitate a readjustment of the tariff duties to the manufacturers who use the same article, providing they have not any more than a sufficient protection now?

Mr. MEYERCORD. This is a widespread industry. There is a multitude of small consumers; about 350 factories.

The CHAIRMAN. They sell wholesale. Take the crockery people. We have already heard some rumbles from them on what they have to pay now.

Mr. MEYERCORD. Yes, sir. They receive a protection of 30 per cent on color and 35 per cent on paper, and there is a very large differential against us—of nearly 20 per cent. We have to pay a premium to do business in our own country.

The CHAIRMAN. The crockery people receive 60 per cent protection?

Mr. MEYERCORD. Yes, sir.

The CHAIRMAN. They say that they do not receive over 30 per cent on an honest valuation?

Mr. MEYERCORD. That is up to them; I am not knocking them.

The CHAIRMAN. I am only telling you what they claim. I am not a crockery man. You have not considered the effect on the other industries?

Mr. MEYERCORD. It would be very small, Mr. Chairman; and, furthermore, it is a luxury; and if the manufacturer, for instance, who pays—

The CHAIRMAN (interrupting). The manufacture of crockery is hardly a luxury.

Mr. MEYERCORD. That is a different article. I am talking about the lithographic label used for advertising. He can use other means, but if he desires a lithographic label he can adopt it as a matter of pride, as representative of a higher class of stuff that he has put out as an advertisement.

The CHAIRMAN. Where did you get your prices of labor?

Mr. MEYERCORD. From statistics in signed letters from manufacturers abroad, giving the rate they pay.

The CHAIRMAN. Please file them with the committee.

Mr. MEYERCORD. I have some copies and some originals. I will file the originals with the committee.

The CHAIRMAN. We will print the copies in the hearing and have the originals for the use of the committee.

Mr. MEYERCORD. Yes, sir. It is a national industry. For instance, out in Indiana we have a good many manufacturers. We have three or four in Indianapolis. We have some Down East—in New England. St. Louis is very well represented. The State of Missouri has 15 or 20 factories, and there are manufacturers down in Texas, in the Carolinas, in Georgia, and in Louisiana. They are scattered from ocean to ocean.

The CHAIRMAN. The manufacturers have been able to get some profit in the past?

Mr. MEYERCORD. You must understand, Mr. Chairman, that there is a large part of this business that is original orders, quick delivery, duplicates, with only six months' time given. It is the duplicate business, or the staple end of the game, that the importer is now getting the better of the American manufacturer.

The CHAIRMAN. You must get more than that or the amount of the American production would not be so large.

Mr. MEYERCORD. The domestic production has decreased and imports have increased 1,000 per cent under the Dingley law.

The CHAIRMAN. The increase is taken from the figures you have quoted?

Mr. MEYERCORD. Yes, sir.

The CHAIRMAN. There is a large increase?

Mr. MEYERCORD. Wages are 41 per cent of the total. We require as a differential to protect us 31 per cent simply on the labor, the difference in the cost of labor. On the material the average duty is about 40 per cent, on the raw product that enters into our product, and as the average duty is about 40 per cent on the material or 50 per cent of the total cost of the product, we are practically required to pay an average of 50 per cent to be on a free-trade basis in our own country.

The CHAIRMAN. Please file a statement of the principal materials you use, the percentage compared with the whole amount used—by dollars, not by quantity.

Mr. MEYERCORD. Yes, sir.

The CHAIRMAN. The different classes of material.

Mr. MEYERCORD. We have that all figured out now.

Mr. BOUTELL. How much of this entire production consists of the illuminated postal cards, Christmas cards, Easter cards, etc.?

Mr. MEYERCORD. Of the imports, approximately \$2,000,000.

Mr. BOUTELL. How much is the domestic production?

Mr. MEYERCORD. Not one-quarter of that.

Mr. BOUTELL. The reason I asked that question was because wherever I see these illuminated postal cards they say, "Made in Munich" or "Made in Nuremberg."

Mr. MEYERCORD. Yes, sir. There is a product that is only paying about 14 per cent. I will illustrate to you how that is arrived at. For instance: The German manufacturer gets the French, American, or English lithograph, and he makes 40 copies as a series of views. He puts the German lettering on there and sells those cards. He gives those plates a slight alteration, and that enables him to take those cards and send a limited quantity outside of the American market. He can make those cards at one-quarter what we have to pay in this country; and that is where the erroneous valuation of import invoices comes in.

Mr. BOUTELL. What I am trying to get at is, where a man in Munich makes a large series of postal cards—views of Pittsburg, Chicago, and other cities—how does he get his photographs? Do they pay any duty on entering Germany?

Mr. MEYERCORD. No; he can enter them by saying that they are for foreign work.

Mr. BOUTELL. What I want to get at is whether the German can get all the material for making the postal cards into Germany free?

Mr. MEYERCORD. Yes, sir; they are admitted for export work free.

Mr. BOUTELL. Then they send the postal cards back and we pay the full duty on them?

Mr. MEYERCORD. Yes, sir.

The CHAIRMAN. If we can collect here the ad valorem duty on a fair valuation of those goods, would the protection under the present law be somewhere near adequate?

Mr. MEYERCORD. No, sir; absolutely not. There is 11 per cent differential right on the wages in favor of the foreign manufacturer at this moment.

The CHAIRMAN. I say on a fair valuation.

Mr. MEYERCORD. You can really say it is a fair valuation on the cost of printing.

The CHAIRMAN. Suppose the valuation was fixed at the wholesale price in this country?

Mr. MEYERCORD. That is a peculiar situation in the industry. A man can use these plates that he has on stone and print up a job for one-quarter of what they can be made for across the street even in Germany, just because he has already received pay from another customer. The plate is the pattern, and if a man has the pattern he can go ahead and make up the cards for almost nothing, but if he has to make the pattern then he has an awful job before him.

The CHAIRMAN. That is the same with all manufacturers.

Mr. MEYERCORD. The plate is what brings the valuation erroneously so very low, and even at the specific duty paid there is only 19 per cent protection under the Dingley law. The hearings on the Dingley law would indicate that this product was to get more than twice that. That was the intent, but the importers were so much better posted that the schedule was made to suit them, and the thing has worked out until the American manufacturer receives only about 19 per cent protection.

The CHAIRMAN. The statistics seem to show, aside from the postal-card business, which you say is about \$2,000,000, that you have not been driven entirely out of the market.

Mr. MEYERCORD. But you must understand that there are photograph postals and various other processes. On American lithography, which is far more costly, he gets the same production that the other fellow gets. The consequence is that the postal-card industry, and that class of colored stuff is all German make, the cheaper grades block work. The photo-colored work is probably all done by the other process of manufacture, which produces the pictorial work of this country. The lithographer requires 12 per cent more to protect him or to put him on an equality in his own market.

The CHAIRMAN. Which is used by the manufacturers, the high-class work or the low-class work?

Mr. MEYERCORD. That depends on the taste of the fellow.

The CHAIRMAN. What proportion of high-class work is used by the manufacturers?

Mr. MEYERCORD. They buy the best.

The CHAIRMAN. So that all that is used by the manufacturers is the high-class work?

Mr. MEYERCORD. Usually. It depends on whether the manufacturer is selling high-class goods.

The CHAIRMAN. Practically all?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. Is there anything in the quality of the imported article that gives it an advantage over your article?

Mr. MEYERCORD. No, sir. There are manufacturers in this country who make the finest there is in the world.

Mr. CRUMPACKER. There is no superiority in point of work or quality in the imported article?

Mr. MEYERCORD. No, sir; except in the ability of the American salesman to probably induce the manufacturers to buy the foreign article so that he can get in on the deal.

Mr. CRUMPACKER. Are there any manufacturers or consumers in this country who buy the foreign article because it is made abroad?

Mr. MEYERCORD. Yes, sir. That is according to the ability of the salesman of the importer to convince him that it is better.

Mr. CRUMPACKER. You want the tariff high enough so as to practically compel them to buy American goods?

Mr. MEYERCORD. Give us free trade in our own home market. That is all we want and we will lick him.

Mr. CRUMPACKER. If you had the increase in the schedule of tariff you ask for it would probably prohibit the importation of any foreign product, would it?

Mr. MEYERCORD. We want free trade in our home market; that is all we want. I am a free trader above the 51 per cent basis.

Mr. CRUMPACKER. You say that the importer of the foreign product in this market has actually the same footing as you under existing conditions?

Mr. MEYERCORD. He has a better footing by 25 per cent.

Mr. CRUMPACKER. And yet, notwithstanding that, you control about 85 per cent of all the product?

Mr. MEYERCORD. No, sir. Of colored work about 50 per cent. There is a great amount of work that is not produced abroad, the letter-heading work.

Mr. CRUMPACKER. The total amount of the production in 1903 was \$25,000,000.

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. And the total importations were about \$4,000,000. So it seems from your statement that you have almost a monopoly of the market and that you are not at such a disadvantage?

Mr. MEYERCORD. That is one way of looking at it. That is the European value. You must take the American market price. Last year it was \$7,000,000.

Mr. CRUMPACKER. You stated that the importations under the Dingley tariff law had increased 1,000 per cent.

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. Has the domestic production increased 1,000 per cent?

Mr. MEYERCORD. It has stood still practically.

Mr. CRUMPACKER. Has there not been an enormous increase in the issue of these prints during the last several years?

Mr. MEYERCORD. In the twelve years American lithography has advanced possibly 20 per cent, and the imported products 1,000 per cent in the same time under the Dingley law.

Mr. CRUMPACKER. At the time that the Dingley law was enacted the importations were of necessity very small?

Mr. MEYERCORD. Because we had reasonable protection. We had larger protection under the Wilson-Gorman Act.

Mr. CRUMPACKER. The rates were higher under the Wilson-Gorman Act than under the Dingley law?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. Paragraph 400 is manifestly a very complicated one?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. It has been in operation for nearly twelve years?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. I presume all of its provisions have been applied and interpreted so that there is practically no uncertainty about it now?

Mr. MEYERCORD. No, sir.

Mr. CRUMPACKER. And decisions have been made covering practically every provision?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. So although the decisions may not be satisfactory to you the questions have been settled?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. And if the changes you suggest should be made it would open up a new field of controversy which would probably take ten years to settle?

Mr. MEYERCORD. No, sir. We have gotten it to a point where all questions will rest on just about three general propositions.

Mr. CRUMPACKER. Would it not be better if Congress decided to increase the rates of tariff, to simply increase the rates provided in the Dingley law than to enact a lot of new provisions?

Mr. MEYERCORD. They are not new provisions. There are very few changes, and if you submit this suggested amendment to the law division of the customs bureau I venture to say that they will report that every suggestion that we have made tends to clarify the atmosphere on paragraph 400.

Mr. CRUMPACKER. I have no further questions.

The CHAIRMAN. There are 49 names of gentlemen on the list to be heard to-day. Mr. Meyercord has presented his case very fully and given facts very fully covering the whole case, and I want to know if you gentlemen can not select one or two others of the delegation to make the oral argument in addition to what Mr. Meyercord has said and then content yourselves with filing briefs as to the balance?

Mr. BLANEY. I was going to say, with the idea of saving your time and the committee's time, that I have made some suggested changes in a brief which I will file with the committee so as to save your time, and my remarks will not exceed five minutes.

The CHAIRMAN. The difficulty is that you will talk for ten minutes and then the committee will ask you questions for an hour on something that is in your brief.

Mr. BLANEY. I will not read my brief, but I will submit it and it can be taken up at the leisure of the committee.

The CHAIRMAN. We will give you five minutes now.

STATEMENT OF MR. FRANK J. BLANEY, REPRESENTING THE FORBES LITHOGRAPH MANUFACTURING COMPANY, BOSTON, MASS.

Mr. BLANEY. Mr. Chairman and gentlemen of the committee, I appear on behalf of the Forbes Lithograph Manufacturing Company, of Boston, Mass., a large concern. It is not a member of the National Association, as is Mr. Meyercord, but we indorse in every particular the brief he has submitted, with a few minor changes which we believe would be clearer.

This work is not used very largely in the imported products. Our work is used as advertising. It is not work where if there were a little increase in the price it would make any material difference to the manufacturer in the cost of his product, and if the statement shall be made that the imported product is brought into this country because the American lithographer can not produce it as good as it is done abroad, I will submit these samples [exhibiting samples] of our commercial work in contradiction.

We ask most earnestly that in making this law the old paragraph 400 shall be ignored entirely, so far as its present provisions are concerned, since they are so radically wrong. For instance, under the present provision a show card, 16 by 24, on paper eight one-thousandths of 1 inch in thickness, should bear a certain rate. If you go up to just 10 pounds more on the same size sheet you get a still different rate, a rate of 8 cents a pound. If you go still further to 16 by 26, thereby having a square-inch area of over four hundred, you will get another different rate. It applies from a specific rate of 20 cents on paper not exceeding eight one-thousandths of an inch in thickness to an ad valorem rate, and it has been practically impossible to get a fair valuation on the importations while the ad valorem rate remains, and the briefs that have been submitted by

Mr. Meyercord and the one I shall file with you seek to make it so clear that there will be no question as to the interpretation of the custom officials.

The CHAIRMAN. Do you import all your material?

Mr. BLANEY. We import a large amount of inks. The paper we buy in this country.

The CHAIRMAN. What percentage do you import?

Mr. BLANEY. We import all the inks and metal leaf that are used in printing.

This is a very widespread industry. There are 350 establishments, and the competition would keep down any arbitrary advance in price to the manufacturers. There is no trust in the business, and all we ask, Mr. Chairman, is a sufficient protection that will cover the difference between the wages paid abroad and the wages paid in this country, plus a reasonable profit.

The brief submitted by Mr. Blaney follows:

[In re paragraph 400, tariff of 1897, lithographic prints, etc.]

BRIEF SUBMITTED BY THE FORBES LITHOGRAPH MANUFACTURING COMPANY, BY FRANK J. BLANEY, DIRECTOR, PERMANENT ADDRESS, BOSTON, MASS.

To HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR: The Forbes Lithograph Manufacturing Company, of Boston, lithographers, established at that point, respectfully present the following recommendations as an amendment to the schedule proposed on lithographic material (paragraph 400) by the tariff committee of the National Association of Employing Lithographers.

We ask that section 400 of the 1897 tariff be amended to read as follows:

Proposed amendment to paragraph 400.

Lithographic prints from stone, zinc, aluminum, or other material, bound or unbound (except cigar labels, flaps, bands, or other small labels), not elsewhere specified, or any article made up in chief value of lithographic prints:

	Per pound.
On paper or other material not exceeding ten one-thousandths inch in thickness.....	\$0. 30
If embossed or die cut.....	. 33
If both embossed and die cut.....	. 36
Exceeding ten one-thousandths inch and not exceeding twenty one-thousandths inch in thickness.....	. 25
If embossed or die cut.....	. 27
If both embossed and die cut.....	. 29
On cardboard or other material exceeding twenty one-thousandths inch in thickness .....	. 15
If embossed or die cut.....	. 16
If both embossed and die cut.....	. 17

Lithographic labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material:

	Per pound.
Labels and flaps, exceeding 10 square inches, if printed in less than 8 colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing	\$0. 30
Small labels and bands, less than 10 square inches, printed in less than 8 colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing .....	. 60
Labels or flaps, exceeding 10 square inches, printed in 8 or more colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing .....	. 40

	Per Pound.
Small labels and bands, less than 10 square inches, printed in 8 or more colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing.....	\$0. 80
Labels and flaps, exceeding 10 square inches, printed in whole or in part in metal leaf and not over 5 additional printings.....	. 50
Labels and flaps, exceeding 10 square inches, printed in whole or in part in metal leaf and over 5 additional printings.....	. 75
Small labels and bands, less than 10 square inches, printed in whole or in part in metal leaf and not over 5 additional printings.....	1. 00
Small labels and bands, less than 10 square inches, printed in whole or in part in metal leaf and over 5 additional printings.....	1. 50
For any embossed label, flap, or band add.....	. 10

The reasons for our dissenting from the recommendations of the tariff committee referred to are as follows:

On the item of "Paper or other material" they recommend eight one-thousandths inch in thickness as the dividing point. This is not a logical point at which to make the difference in thickness, for the reason that the same class of material—that is, hangers, calendars, etc.—are printed on paper 60, 70, 80, 90, and 100 pounds to the ream of 500 sheets, size 22 by 28. The tariff committee of the employers' association took this arbitrary division from the tariff now in force, and this is entirely wrong, as will be seen from the following facts:

For an importation of 100,000 show cards or hangers, size 16 by 24, lithographed on stock eight one-thousandths inch in thickness, which is 88 pounds to the ream of 500 sheets, basis 22 by 28, the weight on the shipment would be 11,000 pounds, and at the rate recommended by the committee—30 cents per pound—the duty on the importation would be \$3,300, whereas if stock nine one-thousandths of an inch in thickness were used, weighing 100 pounds to the ream of 500 sheets, size 22 by 28, it would then pass to the rate suggested by the committee—of 20 cents per pound—thus making the weight of the shipment of 100,000 hangers, 16 by 24, 12,400 pounds; and at the 20-cent per pound rate specified by the committee for this thickness it would make the revenue \$2,480, as against \$3,300 on the lighter stock, thus saving the importer \$820 duty for a show card made on a thicker stock, which would be more desirable for his purpose, and the increase he would have to pay for the increase in cost of stock, owing to heavier weight, would be at the rate of 6 cents per pound—\$84—and the increased freight would not be over \$6, so that the increase in the cost on account of the heavier stock would not exceed \$90, which would thus give a net saving of \$730 by reason of having the hangers on a heavier stock; and this, of course, would be a corresponding loss to the Government on revenues.

The division we have suggested is ten one-thousandths of an inch, and instead of dropping from 30 to 20 cents per pound (as suggested by the tariff committee referred to) we recommend the rate we have named above, 25 cents per pound, which is a drop of 5 cents, owing to the increased thickness.

In connection with the item under the heading of "Lithographed labels, flaps, and bands," we take occasion to include small labels not exceeding 10 square inches, and the reason for this is that the same policy which properly prevails in providing a suitable rate per pound on cigar bands, owing to the small size and the large number to a pound, should dictate that any label, no matter for what purpose it may be used, should receive the same protection as the cigar band. In explanation of this and to illustrate our contention we attach hereto a sheet marked "A," on which we pasted impressions of dies used on labels for perfumery bottles and other small articles, to show size to which labels are cut. On the same sheet we have attached cigar bands, showing that the cigar band is in many cases larger than the small labels used for perfumery and other articles. Owing to the inadequate protection afforded the American lithographers on these small labels, a large quantity are imported, and foreign houses dealing almost exclusively in this branch of business maintain agencies here. On 100,000 labels, size 2½ by 4, the weight would be 185 pounds if printed on stock basis 50 pounds to the ream of 500 sheets, size 22 by 28—and this is the heaviest-weight paper that is used for this purpose—and in many cases a lighter paper is used. One hundred thousand such labels made in America, if in 10 printings of a grade usually used for this work,

would be sold at approximately \$3.50 per thousand, or \$350 for the 100,000, whereas at the rate of wages shown to prevail abroad, as given in detail by the tariff committee of the National Association of Lithographers, even the rate of tariff suggested by them would not represent the full difference between the cost of production here and abroad.

With the changes suggested above, we heartily indorse the recommendations of the tariff committee referred to, but believe in incorporating the following clause as a section under this heading of "Lithographic Imports:"

"Lithographs cased with other products: No box, case, or other package containing any importation to this country, not included in this paragraph, shall contain any lithographic prints from stone, zinc, aluminum, or other material, or other items or goods listed in this section."

The purpose of this is to prevent foreign importers or manufactures from including 1, 2, 3, or other small number of show cards or other lithographed or advertising matter in the cases or packages containing the product they are sending to this country to sell. As foreign importations of certain goods amount in the aggregate to a large number of cases, the inclusion of show cards, lithographs, etc., in the case or package containing the commodity not only is a source of loss to the lithographic industry of the United States, but also is a very large loss of revenue to the Government, and the above paragraph, if adopted, would cause the Importer to bring his lithographed or other advertising matter into the country in separate cases, thus causing a duty to be levied on same, with a corresponding amount of revenue to the Government.



(Submitted by The Forbes Lithograph Manufacturing Company, Boston, Mass., to show that small labels for any purpose should have same pound rate as cigar bands, on account of size.)

Legend.

We recommend that the following be incorporated into the new law :

Each and every label, band, wrapper, show card, or other lithographic print from stone, zinc, aluminum, or other material, shall bear on the face of same, printed in legible letters in English, the legend "Printed in _____," the name of the country of origin to follow the words "Printed in."

Maximum and minimum.

Should the committee in its wisdom incorporate the principle of the "maximum and minimum tariff," we earnestly pray that the foregoing rates shall be adopted as the minimum rates, and that the maximum rates shall be 20 per cent in excess thereof on each and every item.

Lithographic industry in the United States.

We have refrained from entering into a general discussion of the merits of the matter, believing same to be covered by the brief submitted by the tariff committee referred to, and would only add as a conclusion that the lithographic industry opens up a very large opportunity for American art, inasmuch as the different establishments are constantly buying the works of many noted artists in this country, and the young artists especially are to a considerable extent dependent upon the trade for their support and encouragement.

Respectfully submitted.

THE FORBES LITHOGRAPH MANUFACTURING CO.,
By FRANK J. BLANEY,
A Director of the Company.

STATEMENT OF MR. OTTO PALM, NEW YORK, N. Y.

Mr. PALM. If the committee will permit, I would like to say a few words in reply to the arguments or statements that were made by Mr. Meyercord on decalcomanias. Of course, I think it is a mistake on our part to occupy the attention of this committee on such a small matter.

Decalcomania is a very small item going into the lithograph paragraph. Decalcomania is not an article that is used indiscriminately as other lithographic prints are, because a lithographic print when it comes to this country is simply sold as a lithographic print, as a postal card, visiting card, New Year's card, Christmas card, or chromos or calendars. Decalcomania is something entirely different. Decalcomania as it is imported or made here is not perfect in itself; it is simply an article that goes into the manufacture of other articles, without which decalcomania is of no use whatever. For instance, the pottery industry in the United States consumes about one-half of the decalcomania. Now, if you want to foster the industry of pottery, it is necessary to bring the decalcomania into this country and manufacture it here as low as possible in order to compete with the pottery that is imported from foreign countries. Of course pottery is not the only item on which the decalcomania is used. There are a number of other items on which it is used, but the pottery industry is particularly interested in this provision. As far as we are concerned, I think we all agree that we are satisfied to let the duty on decalcomania remain as it is now. We do not ask for any reduction or any increase.

Mr. UNDERWOOD. Please explain how you use it in pottery?

Mr. PALM. Here is a lithograph that is printed on decalcomania paper, or, in other words, transferring paper. [Exhibiting.] Certain colors are printed on this transfer paper. The paper is then sold to the potters and they transfer the colors from the transfer paper to the different articles of pottery requiring decoration. These colors are then transferred from the paper to the pottery and the pottery is then fired once more. Without the decalcomania the pottery industry in America could not exist to-day.

The CHAIRMAN. It would have to be done by hand?

Mr. PALM. Yes, sir.

The CHAIRMAN. Have you a specimen there where it has been transferred?

Mr. PALM. There is the material right on the pottery. [Exhibiting.] That is transferred.

We contend that the potter in America can not exist without decalcomania. He must have decalcomania, otherwise he is not in it. If you want to foster and help the pottery industry of America, this committee should put decalcomania on the free list instead of increasing the duty, although we do not ask that. We are satisfied as it is to-day.

The imports of decalcomania into this country do not exceed \$400,000. It is a mere bagatelle. I have been amazed at the statements that have been made. It is like Colonel Sellers's "There are millions in it." Decalcomania is a little item, and the potter uses more than any other manufacturer in the world. The imports into this country of decalcomania amount to about \$400,000 a year. The consumption here is in the neighborhood of between \$600,000 and \$800,000, just a small matter. We have been in business for a number of years. We could not compete by importing the decalcomania with the selling prices here, and consequently we had to open a factory, and we are running factories, and a number of others are also running factories. The item of decalcomania is so small that it does not cut any ice, and if you make any change in the duty you will simply hamper and jeopardize the manufacturers of America.

The CHAIRMAN. I think you have stated your point.

Mr. PALM. Yes, sir. If you put a prohibitive duty on decalcomania, you would simply give employment to about 400 people more and, on the other hand, you would probably knock out 5,000 people in the pottery business and several hundred thousand people in some of the other branches, if you want to go that far.

Mr. UNDERWOOD. What is the rate of duty now?

Mr. PALM. Under paragraph 400 it was 20 cents a pound. The duty has been changed. Decalcomania has been kicked about like a football. It has been 35 cents, 25 cents, and 20 cents a pound. It got up to 45 cents a pound once.

Mr. UNDERWOOD. What is it now?

Mr. PALM. The duty on decalcomania has been placed by one of the courts of Philadelphia, under paragraph 398, at 20 per cent ad valorem and 3 cents a pound.

The CHAIRMAN. We have access to those decisions.

Mr. UNDERWOOD. What does it amount to to-day, the 20 per cent ad valorem and the 3 cents a pound duty?

Mr. PALM. It depends on what kind of goods you import. If the goods are very expensive goods it would amount to more than 20

per cent. If the goods are cheaper it would not amount to 20 per cent. That is under the lithographic clause, which is 20 per cent.

Mr. UNDERWOOD. Is the rate 20 per cent on everything with the 3 cents added?

Mr. PALM. The rate is 20 cents a pound specific duty, at present, under section 398. Previous to that decision it was under section 400 at 20 cents per pound.

Mr. UNDERWOOD. You say that the ad valorem rate is about 20 per cent?

Mr. PALM. The ad valorem rate?

Mr. UNDERWOOD. Yes, sir.

Mr. PALM. Yes, sir. Now they have changed it to 20 cents.

Mr. UNDERWOOD. What is the rate of duty you are paying on this stuff when it comes into the country?

Mr. PALM. Twenty per cent and 3 cents a pound under the new ruling.

Mr. UNDERWOOD. What does that amount to as an ad valorem rate?

Mr. PALM. As an ad valorem rate?

Mr. UNDERWOOD. Yes, sir.

Mr. PALM. The ad valorem rate is 20 per cent. The 3 cents a pound does not amount to much; it is the 20 per cent.

Mr. UNDERWOOD. You say that about half of the product is made in this country and about one-half imported?

Mr. PALM. Yes.

Mr. UNDERWOOD. How long has that been the condition?

Mr. PALM. Well, during the last four or five years, since several of these factories have established themselves and we have established ourselves.

Mr. UNDERWOOD. Has the business steadied down to a condition where one half of the product is produced in this country and the other half imported?

Mr. PALM. Yes, sir.

Mr. BONYNGE. Where is your factory?

Mr. PALM. In Cincinnati.

Mr. BONYNGE. How large a place have you?

Mr. PALM. It is a pretty good-sized place.

Mr. BONYNGE. Is yours one of the large ones or one of the small ones?

Mr. PALM. One of ours is a large one and the other is a small one. There are only three or four of them. It does not amount to much.

STATEMENT OF MR. JOHN G. DUFFY, OF NEW YORK.

The CHAIRMAN. Mr. Duffy, do you want to be heard on cigar labels?

Mr. DUFFY. Yes, sir; on the labels, flaps, and bands.

The CHAIRMAN. Proceed.

Mr. DUFFY. Very well.

The CHAIRMAN. Can you not file a brief statement?

Mr. DUFFY. Yes, sir. There [indicating] is the brief, and I will be as brief as possible.

We desire to state, first, in answer to what has been said to the committee, that it is not true, at least of cigar labels, flaps, and bands, that they are not exported. We have with us here a foreign manu-

facturer of cigar labels, flaps, and bands who testified that they made a very careful computation abroad for the American Lithographer. It is also a fact that there has not been a single year under the Dingley tariff when there was imported into this country \$200,000 worth of this item of lithographic prints. It is also a fact that the tariff of 1894 did not treat any more indulgently lithographic prints than they were treated in the tariff act of 1897. The cigar bands were so treated in the tariff act of 1894. They were made dutiable under a number of colors, the lowest rate, 20 cents a pound, being applicable to 10 colors or less. The act of 1897 did not change the rate, but it did change the classification by saying "eight colors" or "less than eight colors."

Now, we think we have some standing before this committee on the proposition that it would be an advantage to allow the importation of cigar labels for the purpose of bands to be increased. Except for the bands, the cigar labels and flaps have not increased proportionately to the normal increase of business under this Dingley Act. We represent a gentleman, Mr. Lewis T. Wagner, who is the largest importer. It is a very small industry, the importing of cigar labels, flaps, and bands. There are only four or five firms engaged in it. Mr. Wagner, after twenty years devoted to building up the business, is now the largest importer.

The CHAIRMAN. What do you say the imports were?

Mr. DUFFY. Not over \$200,000 in value.

The CHAIRMAN. Of domestic production is it much larger?

Mr. LEWIS C. WAGNER. Considerably so. Nine-tenths of the cigar labels are produced in this country and only about one-tenth imported.

The CHAIRMAN. You have a pretty good protection on cigars?

Mr. WAGNER. I know nothing about the protection on cigars.

The CHAIRMAN. I did not know what you considered good.

Mr. GAINES. He said he is not a cigar maker. He is an importer of labels.

The CHAIRMAN. We will hear you briefly on this. You say it is not a very important matter?

Mr. DUFFY. It is important to our clients. I think I may point out here also, in answer to what has been stated, that the present rate of duty on cigar labels, as you will find on page 4 of our brief, is from 44 per cent up to 73 per cent, while just immediately above that you will see that the ad valorem equivalent of the other lithographic print duties runs to 27 per cent on the average. There is a clear injustice there, and now I want to come to the particular feature about cigar labels.

This is a cigar label and things of that sort [submitting specimens]. These things are generally about half paper.

The CHAIRMAN. We have seen them.

Mr. DUFFY. Yes. The paper costs about 8 cents a pound, and they put on that blank paper duties of from 20 to 80 cents a pound. We propose a duty of 50 cents. This is a new feature. We propose in the act to make a separate provision for labels and flaps, and a just provision, and not grouping with them the bands. The bands are completely covered with lithographic work, and it has to be cut to shape besides. The label is usually more than half paper and usually half lithography. We propose these rates to follow the

phraseology of the law exactly: "Lithographic cigar labels and flaps, lettered or blank, printed from stone, zinc, aluminum, or other material, if printed in less than eight colors (bronze printing to be counted as two colors), but not including labels and flaps printed in the whole or in part in metal leaf, ten cents per pound; if printed in eight or more colors, but not printed in whole or in part in metal leaf, fifteen cents per pound; if printed in whole or in part in metal leaf, thirty cents per pound. Cigar bands, if printed in colors and bronze, fifteen cents per pound; if printed in colors and metal leaf, forty cents per pound."

The CHAIRMAN. How much does one of those labels cost on a box of cigars?

Mr. WAGNER. It depends entirely on the number of pieces.

The CHAIRMAN. I mean, from the lowest to the highest?

Mr. WAGNER. If a set of four pieces is considered, which is an inside and an outside label and a flap and tag, the cost is about 4½ cents a box, sometimes more.

The CHAIRMAN. You may proceed, Mr. Duffy.

Mr. DUFFY. We make the same classification on cigar labels printed in less than eight colors, bronze printing to be counted as two colors, but not including labels and flaps printed in whole or in part in metal leaf, ten cents a pound. This is on page 8 of our brief. But if printed in eight or more colors, but not printed in whole or in part in metal leaf, fifteen cents a pound. If printed in whole or in part in metal leaf, thirty cents per pound. Cigar bands, if printed in colors and bronze, fifteen cents per pound; if printed in colors and metal leaf, forty cents per pound.

The CHAIRMAN. You need not read your brief. That will be filed. We will read that.

Mr. DUFFY. I trust the committee will.

The CHAIRMAN. Now, if you have any other matters to state outside, please state them.

Mr. DUFFY. We just desire to file some samples.

The CHAIRMAN. To the same effect?

Mr. DUFFY. Yes.

STATEMENT OF MR. LEWIS C. WAGNER, OF NEW YORK.

Mr. WAGNER. I beg to submit, Mr. Chairman, samples of the labels made in Germany and samples from some designs copied from the German and made in this country; made in this country because you can no longer import them because of the existing high rate of duty. These samples will show that the labels are the same in workmanship in every respect. For instance, I submit here a sample of a label called "Alexander Humboldt." This is it, right here. [Submits sample.]

The CHAIRMAN. Do you ask to have it put on the free list?

Mr. WAGNER. No, sir; I am a protectionist. I believe in protection, but I do not believe in prohibitive rates. I want a decrease in the rate because I think I am justified in asking for it. "Alexander Humboldt" costs in Germany \$13.50 a thousand sets for an edition of 50,000 sets. That is the cost in Germany, and including the duty, it will make the cost \$23.40. The same design, sample F, which is composed of the same number of pieces—in fact one additional sheet

if we had made that additional back strip originally—costs \$15 in Germany, and with the duty paid they cost \$25.65, and they are being sold and printed here for \$16.15 per thousand sets.

Now, if the importers had furnished this additional back strip, the cost on the other side, including the duty, would be \$25.65, and without the duty \$15; but that is sold right here to the trade for \$16.15.

Here is another, "La Elegancia." That consists of three pieces, and the foreign cost of 50,000 sheets is \$9 per thousand. The duty added makes it \$13.80. The foreign cost of the flap, which is the third piece, is \$3.50, and the duty included makes the total cost of \$5.90. In other words, the German cost of these pieces is four times what it is here, or \$12.50, and with the duty added, \$19.70. The same design on this box [indicating] is sold to the importer at \$10 per 1,000 sets against a foreign cost of \$19.60.

The CHAIRMAN. Have you that all written out?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. Kindly file it with your brief. We have not time for that.

Mr. WAGNER. All right.

Mr. UNDERWOOD. You say you are a protectionist, but not a monopolist?

Mr. WAGNER. No. I say I am a protectionist, but I do not believe in prohibitive rates.

Mr. UNDERWOOD. That is monopoly.

Mr. WAGNER. We contend that from the time we get the first edition of labels from abroad we can not get a second edition, because it is being copied in this country and copied for less than we can import them for.

Mr. DALZELL. You claim that the duty is prohibitive?

Mr. WAGNER. Yes; that the duty is prohibitive so far as reprints go, but not for the first edition.

Mr. DALZELL. You want it reduced so that the German and the American can come into competition with each other?

Mr. WAGNER. Exactly. We go to the expense of making an original sketch for the cigar label, which costs us a great deal of money, and it is only made by expert lithographers. If the label is copied here there is no expense for the sketch whatever. They simply take this printed copy and make a copy of it. The cost of making the lithograph from the printed copy is only half what it is in the original.

Mr. UNDERWOOD. What do you want the duty reduced to?

Mr. WAGNER. The 20-cent rate to 10 cents and the 30-cent rate to 15 cents.

Mr. UNDERWOOD. You think that would be fair competition?

Mr. WAGNER. Exactly; and with the bronze, 15 cents for bronze printing and 40 cents for each gold printing.

My predecessor speaks of bronze printing as being counted as three colors. The commercial term for bronze printing is one and one-half colors. There is no such thing as three colors at all.

The CHAIRMAN. That is all, I think.

Is there any other gentleman who can present anything new on this subject that has not already been said?

Mr. WAGNER. Shall I leave these samples?

The CHAIRMAN. File your brief there.

(Following is the brief filed by Mr. Duffy for Mr. Wagner and for Charles Stutz Company, of New York:)

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES.

In the matter of the revision of paragraph 400 of the tariff act of 1897, so far as said paragraph applies to cigar labels, flaps, and bands.

BRIEF FOR IMPORTERS.

Cigar labels, flaps, and bands are produced by ordinary lithographing processes. Labels and flaps are interchangeable names for prints attached to any part of a cigar box. Bands are small lithographs wrapped around cigars.

Prior to the tariff act of 1894 no distinction was made between this class of merchandise and other lithographic prints. In that act (paragraph 308) separate provision was made for cigar labels, flaps, and bands at rates much higher than those prescribed for lithographic prints. This distinction was retained in paragraph 400 of the tariff act of 1897 and even a more unfair differential in rates was created.

An abstract of the provisions of both acts follows:

Act of 1894.

Lithographic prints not exceeding .008 of an inch
per pound 20 cents.

exceeding .008 of an inch but not exceeding .020 of an inch, and exceeding 35 square inches cutting size
per pound 8 cents.

not exceeding 35 square inches cutting size
per pound 5 cents.

exceeding .020 of an inch
per pound 6 cents.

Cigar labels and bands, less than 10 colors
per pound 20 cents.

10 or more colors, or in bronze printing
per pound 30 cents.

printed wholly or partly in metal leaf
per pound 40 cents.

Act of 1897.

Lithographic prints not exceeding .008 of an inch
per pound 20 cents.

exceeding .008 of an inch but not exceeding .020 of an inch, and exceeding 35 square inches but not exceeding 400 square inches cutting size
per pound 8 cents.

exceeding 400 square inches cutting size
35 per cent.

not exceeding 35 square inches cutting size
per pound 5 cents.

exceeding .020 of an inch
per pound 6 cents.

Cigar labels, flaps, and bands less than 8 colors (bronze printing to be counted as 2 colors)
per pound 20 cents.

printed entirely in bronze printing
per pound 15 cents.

printed in 8 or more colors
per pound 30 cents.

printed wholly or in part in metal leaf
per pound 50 cents.

Except for the addition of a provision for prints exceeding 400 square inches cutting size, the tariff act of 1897 reenacted the rates prescribed for lithographic prints in the act of 1894.

Cigar labels and bands were much differently dealt with. The line of classification was changed from ten colors to eight, increasing the duty on a large line that had been admitted at 20 cents per pound to 30 cents, an increase of 50 per cent. Goods printed wholly or in part in metal leaf were made to pay 50 cents instead of 40 cents per pound—25 per cent increase.

Mr. Louis C. Wagner, who appears before this committee now and who was here in 1897, testifies that this unfair distinction represents neither the views of the House nor of the Senate of that time, nor of either of the committees who had the Dingley bill in charge. As originally passed by both Houses the bill eliminated the distinction, but it was returned from conference in its present form. Being a measure of great importance it was enacted without further delay.

The subjoined table, referring to samples submitted, shows the operation of paragraph 400 of the present act on these two classes of lithographic prints:

Lithographic prints other than cigar labels.

Samples.	Cost in Germany per 1,000.	Weight per 1,000.	Duty per pound.	Total duty per 1,000.	Ad valorem equivalent.
		<i>Pounds.</i>	<i>Cents.</i>		<i>Per cent.</i>
A and B.....	\$48.00	130	8	\$10.40	22
C.....	30.00	122	6	7.32	24½
D.....	12.75	62½	6	3.75	29½

Cigar labels.

Samples.	Cost in Germany per 1,000 sets.	Weight per 1,000.	Duty per pound.	Total duty per 1,000.	Ad valorem equivalent.
		<i>Pounds.</i>	<i>Cents.</i>		<i>Per cent.</i>
Alexander Humboldt set E. 50M sets of five pieces to set.....	\$13.50	33	30	\$9.90	73
La Elegancia set G. 50M sets of two pieces to set.....	9.90	16	30	4.80	53
Flap A. M. C. 50M pieces.....	3.50	12	20	2.40	69
Copies H. 50M sets, two pieces to set.....	9.00	16	30	4.80	53
Copies K. Leila. 12M sets, two pieces to set.....	11.50	17	30	5.10	44
Copies L. Havana American. 50M sets, five pieces to set.....	21.00	33	50	16.50	79

Our proofs show:

(1) That cigar labels (small editions) produced in this country are sold to the trade for almost the cost of foreign goods, without duties added.

Example: Samples K, "Leila." The German cost for duplicate prints is \$11.50 per 1,000 sets; duty added, cost \$16.60. A domestic firm is now making a first edition of these labels, including outlay for lithography and embossing die, and selling the same at \$16.50, agreeing to furnish subsequent editions at \$12.50, against the foreign cost for like subsequent editions which, with duty added, is \$16.60.

(2) If cigar labels were free of duty the larger editions, comprising the most profitable part of the trade, could not be imported and sold

here without loss as low as like goods can be profitably sold by domestic lithographers.

Examples.—“La Elegancia,” samples G, three pieces: Foreign cost for 50M, insides and outsides, \$9 per 1,000; duty, \$4.80; total, \$13.80. Foreign cost for flaps “A. M. C.,” \$3.50; duty, \$2.40; total, \$5.90. Total German cost for set, \$12.50; duty, \$19.70.

This same design will be found on and inside of cigar box submitted, made in New York, copied from the imported and sold by the maker at not more than \$10 per 1,000 sets, including the extra end label or color mark.

Recapitulation.—Foreign cost for three pieces, \$12.50, with duty, \$19.70, against the selling price of not over \$10 for domestic work of four pieces.

There are submitted samples of cigar labels originally made for Mr. Wagner in Germany and samples of the exact labels copied later by lithographers in New York. “Alexander Humboldt” set, collection E, five pieces to the set, made abroad in 50M sets, at \$13.50 per 1,000 sets; adding duty makes the actual cost \$23.40.

The same designs, samples F, are domestic work copied from the imported. This set has six pieces, an additional long back strip, and the manufacturers’ selling price to the trade is \$16.15 per 1,000 sets of six pieces. If the importers had furnished this additional back strip the German cost would be \$15, or, with duty added, \$25.65, against the selling price of \$16.15 for domestic work.

Samples H, foreign work, cost \$10; with duty added, \$14.80. Samples J, domestic work, copied from the imported goods, is sold at less than \$10.

The loose samples of Mi Favorita and La Gira labels submitted are German work. The inside label Mi Favorita and the set La Gira are printed in metal leaf. The same designs which appear on and inside of cigar box and covers are domestic work, also printed in metal leaf and copied from the imported. These samples demonstrate that metal-leaf work is produced in America with the same facility and excellence as abroad, and the testimony will show that these specimens can no longer be imported in competition with domestic work.

The present duty of 50 cents per pound on this class of label averages 73 per cent ad valorem.

The foregoing data are drawn from the testimony of Mr. Wagner, whose business is importing and selling cigar labels.

We direct especial attention to the testimony of Mr. Jacob Laux, of Chas. Stutz Co., purchasers of American goods as well, which we summarize.

Sample No. 1, originally made in Germany and bought here at \$27.50 per M sets, was afterwards reproduced here at \$17.50 per M.

Sample No. 2, sold in Germany, including duty, at \$22.50 per M sets; reproduced here at \$13.50 per M.

Sample No. 3 was made here and sold to Chas. Stutz Company in 200 M lots, ins and outs, at \$5.40 per M. The very best price made on this set abroad in same quantities was \$8 per M; if duty were added, the cost would be \$12.80 per M.

Sample No. 4 was bought in May, 1901, from domestic lithographers by Charles Stutz Co., in an edition of 50M (ins, outs, and flaps), which was reproduced from an imported design, at \$12.85 per M for

the three pieces. This was a reproduction of the La Elegancia set and flap "A. M. C." referred to in the testimony of Mr. Wagner, the total German cost, plus duty, being \$19.70 per M.

The testimony shows:

That the samples offered are typical of the whole line.

That the importation of cigar labels, flaps, and bands is confined to not over four or five firms, of which the witnesses represent the most important.

That in no single year under the present act have the importations totaled in value \$200,000.

It needs no argument to demonstrate that here is what might be an important source of revenue cut off by the prohibition rates of the present act.

At the same time, the importing firms, one of which, after twenty years of effort, has constructed a business occupied solely with these lines, are being threatened with ultimate extinction.

It is also shown that American lithographers, besides possessing a practical monopoly of the trade in cigar labels on this side, have for many years invaded the foreign markets, particularly Germany, where imported labels are produced.

The lithography and printing of cigar labels, it is shown, have made such great advances in the last twelve years that the present rates, if at any time justifiable, are now clearly exorbitant.

Furthermore, German labor in this industry, it appears, is much slower than American, 4,000 sheets of paper constituting a day's run there against 6,000 to 7,000 sheets here in the same space of time.

Another difficulty the importers labor under is presented by the domestic imitations of their original designs, saving the American lithographer the expense of an original painting or sketch, and the work of the artist-lithographer who draws such design on stone. The testimony shows the great saving effected by copying a design from the printed label.

The high specific duties forbids the foreign label being printed on the same weight of paper as used in the domestic goods, which show the embossing to better advantage after the label is pasted on the box by reason of the thicker stock.

More particularly referring to *cigar bands*, it is shown that these goods are made by domestic lithographers and sold to the trade at practically the same prices as they are sold for in Germany for export, excluding duty.

It is submitted that the provisions of paragraph 400 of the tariff act of 1897, relating to cigar labels, flaps, and bands should be revised as follows:

Lithographic cigar labels and flaps, lettered or blank, printed from stone, zinc, aluminum, or other material, if printed in less than eight colors (bronze printing to be counted as two colors), but not including labels and flaps printed in whole or in part in metal leaf, 10 cents per pound; if printed in eight or more colors, but not printed in whole or in part in metal leaf, 15 cents per pound; if printed in whole or in part in metal leaf, 30 cents per pound. Cigar bands, if printed in colors and bronze, 15 cents per pound; if printed in colors and metal leaf, 40 cents per pound.

The provision of paragraph 400, calling for bronze printing only, is purposely omitted, there being no such class of goods imported.

As the samples submitted in evidence show about one-half the space of a label or flap is blank paper.

The value of such paper, it is shown, runs about 8 cents per pound, for which paper, under the present provision, the same duty is exacted as if the whole were covered by a design, as in the case of ordinary lithographs.

A separate provision is therefore suggested for cigar bands, which are entirely covered with printing and are, moreover, cut to shape.

The testimony offered fully supports the revision asked and shows that the rates suggested to this committee are entirely in accord with ample protection to American industry.

Dated, Washington, November 21, 1908.

KAPPLER & MERILLAT,
Washington, D. C.
KAMMERLOHR & DUFFY,
New York.

Appearing for—

LOUIS C. WAGNER & Co.,
New York.
CHARLES STUTZ Co.,
New York.

JOHN G. DUFFY, of Counsel.

STATEMENT OF MR. L. WOLF, JR., OF PHILADELPHIA.

The CHAIRMAN. What do you wish to talk about, Mr. Wolf?

Mr. WOLF. I just want to make one or two remarks in reference to the importation and manufacture of lithographic prints in this country and abroad. We are one of the largest producers, I believe, of American lithographic goods in this country, and at the same time the largest importers of foreign goods. The question of increasing the business has been largely on account of postal cards in the last few years—that is, the large increase in the lithographic business in the last few years has been a question of postal cards, and we are importing them in very large quantities, but we find that now within the last year the product in America is becoming very large, and we can not with the foreign goods compete, as against the American goods. In other words, we are buying goods in Europe which cost us 8 marks, or \$1.94, a thousand in lots, and we can buy the same goods produced in this country for \$1.65, and the lithographers here give equally good work as we get abroad. The duty on postal cards is 5 cents a pound, and they weigh about 10 pounds to the thousand, and that would be 50 cents a thousand. In other words, the goods that cost us 8 marks in Germany, and figuring the duty at 50 cents, would make the imported goods stand us \$2.44.

We can submit to you gentlemen estimates and samples of both the foreign and American production, and I think we are fully protected in the American market by the duty now existing.

Mr. BONYNGE. Do you want any change made in the duty?

Mr. WOLF. No, sir; we do not want it reduced.

Mr. BONYNGE. You do not want it reduced?

Mr. WOLF. We will take a reduction, but we do not ask for it. The printers are fully protected, and we think the present mode is a very just mode of assessing the duty. When the duty was at the Dingley rate a number of foreign manufacturers would fix the price so that it was difficult to arrive at the value. It was very difficult to get at

the proper value, and the American lithographers at the time the last bill was passed met and agreed upon this bill; we agreed upon this bill ourselves, and agreed that it was the most fair arrangement that could be made, so that the United States Government could collect the same rate of duty from everybody, and not give the foreign manufacturers any advantage, so far as the rate of duty was concerned.

Mr. HILL. Are your goods admitted free now to Germany?

Mr. WOLF. Yes.

Mr. BONYNGE. Do you send any of your goods to Germany?

Mr. WOLF. Comparatively little.

Mr. HILL. France does, does she not?

Mr. WOLF. France sends some to Germany.

Mr. HILL. And they go in free?

Mr. WOLF. Yes.

Mr. GAINES. Do we send any to France and Germany?

Mr. WOLF. The exportation is very little. The French have not gone into the art work in that line. The class of goods imported from Germany to America are lithographic prints, which are comparatively art reproductions, and also things used for advertising purposes. The American market up to the present time has occupied itself largely with lithographic prints for advertising purposes. They are going largely into calendars and advertisements, which go into foreign countries.

Mr. HILL. What countries do you export to?

Mr. WOLF. To England and to Germany.

Mr. WAGNER. Just one moment. It was said a while ago by my predecessor that there were no cigar labels exported to Europe. I have here some samples of the American Lithographic Company showing their agent in Holland, another one showing their agent in London, and another one showing their agent in Hamburg. They do export their cigar labels right into England and Germany in competition with those made in those countries.

STATEMENT OF MR. ISAAC H. BLANCHARD, OF NEW YORK.

Mr. BLANCHARD. Mr. Chairman and gentlemen, I represent the Typothetæ of the city of New York—the job printing and publishing industry of the United States. Our organization is a part of the United Typothetæ of America, the national organization of the graphic arts trade, and, as the strongest branch of that national organization, we feel that we represent to-day the sentiment of the job printers and publishers of this country. Many members of our organization are represented in the brief presented for your consideration by the National Association of Employing Lithographers, and our membership begs to indorse in detail the representations placed before you by that organization.

In the brief, Mr. Chairman, which we submit, and which I will not read except to follow your suggestion to make a brief, we have quoted your tariff schedule of 25 per cent in clause 403, and we refer to the free list in clauses 500, 501, 502, and 503. We have submitted our substitute propositions which provide for an increase in duty. We submit the volume of the industry on page 4 and the volume of the imports on pages 4, 5, and 6. We submit for your consider-

ation a comparison of the weekly wages, on page 6, and some illustrations on pages 7 and 8, to which I want to call your attention.

The inventory value of printed matter consists of the two factors, merchandise or paper stock and labor, and in some cases the labor value is 25 per cent of the total inventory value, and in some cases it runs as high as 75 per cent. In a case where the labor value of the inventory is 75 per cent on a \$1,000 inventory, under the present 25 per cent duty the laid-down value is \$1,275 of the imported \$1,000 inventory. If produced in the United States, as compared with the German production, the cost of that inventory is \$2,500. A further illustration is given on pages 7 and 8, which shows other comparisons, which I submit for your consideration.

The organization which I represent asks one thing only—an even chance in our home market. From the tables that are submitted it is apparent that with a tariff of 75 per cent the merchandise stock values of the average inventory would have to be in excess of one-half of the total inventory before the American manufacturer will be able to deliver the goods at a price equal to the prices quoted by the foreign manufacturer.

I thank you, Mr. Chairman.

Mr. CRUMPACKER. The paper manufacturing industry in this country is quite extensive, is it not? I mean the manufactures of paper?

Mr. BLANCHARD. Yes, sir.

Mr. CRUMPACKER. Do you want an increase in the duty?

Mr. BLANCHARD. No, sir.

Mr. CRUMPACKER. What are you asking for?

Mr. BLANCHARD. We are asking for an increase in the duty on printed matter, under section 403, reading "Books of all kinds, including blank books and pamphlets and engravings bound or unbound," etc.

Mr. CRUMPACKER. And printed matter?

Mr. BLANCHARD. Yes.

Mr. CRUMPACKER. What is the ad valorem duty now?

Mr. BLANCHARD. Twenty-five per cent on some items; free list on some others.

Mr. CRUMPACKER. Is it a large industry in the United States now?

Mr. BLANCHARD. It is an industry which in 1905, according to the census reports, amounted to \$26,000,000.

Mr. CRUMPACKER. It is a prosperous industry?

Mr. BLANCHARD. The prosperity is measured by the total and bulk of business.

Mr. CRUMPACKER. You mentioned wages in this country and in Germany. That was mentioned by several of the gentlemen who have given testimony on the subject. It would seem that the rate of wages in this country is about four times as high as the rate in Germany for the same kind of service?

Mr. BLANCHARD. Yes, sir.

Mr. CRUMPACKER. Do you know why German artisans, skilled and unskilled, do not come over here if they can receive four times as good wages as they are getting at home? I understand we do not have any considerable amount of immigrants from Germany, do we?

Mr. BLANCHARD. I believe we do.

Mr. CRUMPACKER. Any considerable number of immigrants from Germany?

Mr. BLANCHARD. I believe so. I have no statistics.

Mr. CRUMPACKER. I had supposed they were satisfied with the conditions at home and had quit coming here largely.

Mr. BLANCHARD. I could not furnish any statement as to that by authority.

Mr. CRUMPACKER. That is a statement I can not altogether reconcile with the situation.

Mr. BLANCHARD. Do I understand you query the correctness of the statement as to comparative wages?

Mr. CRUMPACKER. I wondered if it could be reconciled with the conditions. The immigration now coming into this country is, as I understand, from other countries than Germany.

Mr. BLANCHARD. I would like to submit to the committee some facts bearing on that inquiry. The facts would be as to the importation of contract labor, the workman from abroad being regarded as a contract laborer if he comes here with a position already arranged for.

Mr. FORDNEY. What is the difference, do you say, between the cost of labor here and in Germany?

Mr. BLANCHARD. Four dollars here to \$1 there, approximately. These schedules are on page 6 of the brief.

The CHAIRMAN. He stated exactly in the brief what it is.

Mr. FORDNEY. Yes; but it will be some time before I get that brief.

Mr. GAINES. That statement as to the comparative rate of wages seems to be a matter of some doubt. Do you file with the committee evidences of the difference that you claim?

Mr. BLANCHARD. Yes, sir. I will give you the entire details. Some of them have come from the chief clerk of the Census Bureau, Mr. Rossiter, and I will file with the committee the authorities from which they are compiled.

Mr. FORDNEY. The Republican campaign text-book showed that the difference between the wages here and in Germany was very great, sir, and I had that in mind. [Laughter.]

Mr. CRUMPACKER. I had the idea that the difference was great, but I did not know it was so great as that. The Germans, I should think, would come over under the present conditions.

Mr. BLANCHARD. The German post cards come over, and why? Because Blanchard can not get people here to make them and pay the bills for labor.

The CHAIRMAN. The committee have been obtaining during the recess, through the State Department, reports on the cost of labor abroad, and I have had one of the clerks prepare a statement of the cost of labor of hand compositors, and so forth, the class of labor mentioned in his brief, and while the wages vary from his brief, they show a higher cost paid in Great Britain, while they are meager in Germany.

The chairman submitted the following:

The following rates are paid by the city of Sheffield, England, in cases where no contract for printing is made, as given in printed circular accompanying report of consul at that place:

Hand compositors, \$8.40 per week; machine compositors (linotype), \$10.08 per week; machine minders, \$8.40 per week; lithograph printers, \$8.30 per week. News printers—compositors (night work),

\$10.80; compositors (day work), \$10.08; machine minders (day work), \$8.40; jobbing compositors, \$8.40.

Coburg, Germany, pays \$7.14 per week for male compositors; Stuttgart, Germany, \$8.80; Nice, France, \$10.45; Berne, Switzerland, \$8.20.

(Mr. Blanchard filed the following brief:)

BRIEF OF THE TYPOTHETÆ OF THE CITY OF NEW YORK TO THE WAYS AND MEANS COMMITTEE OF THE HOUSE OF REPRESENTATIVES RELATIVE TO TARIFFS AFFECTING THE PRINTING INDUSTRY IN THE UNITED STATES.

NOVEMBER 20, 1908.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE:

The Typothetæ of the city of New York is an organization composed of the leading houses of the graphic arts trades in that greatest American city. Our organization is a part of the United Typothetæ of America (the national organization of the graphic arts trade) and is the strongest branch of that national organization of employing printers. We feel, therefore, that we represent to-day the sentiment of the American job printers and publishers of this country.

The printing industry in New York City is its second greatest industry, and occupies a high relative position in all of the other leading cities of the United States, Chicago, Philadelphia, Boston, St. Louis, and San Francisco following in the order named.

We would respectfully request from your committee the further privilege of laying before you at a later hearing such additional specific information from our national organization and other local organizations as will be of further use to your committee in reaching wise and helpful conclusions as to legislation.

Many members of our organization are represented in the brief presented to your honorable committee by the National Association of Employing Lithographers. Our membership beg to indorse in detail the representations placed before you by that organization.

Our membership also includes the largest manufacturers of post cards in the United States.

Respectfully submitted.

ROBERT SCHALKENBACH,
President Typothetæ of the City of New York.

ISAAC H. BLANCHARD,
*Chairman of the Executive Committee
Typothetæ of the City of New York.*

TARIFF SCHEDULES IN FORCE AT THE PRESENT TIME AFFECTING THE PRINTING INDUSTRY.

Tariff on manufactures of paper.

403. Books of all kinds, including blank books and pamphlets, and engravings bound or unbound, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing not specially provided for in this act, twenty-five per centum ad valorem.

Free list.

500. Books, engravings, photographs, etchings bound or unbound, maps and charts imported by authority or for the use of the United States or for the use of the Library of Congress.

501. Books, maps, music, engravings, photographs, etchings bound or unbound, and charts, which shall have been printed more than twenty years at the date of importation, and all hydrographic charts, and publications issued for their subscribers or exchanges by scientific and literary associations or academies, or publications of individuals for gratuitous private circulation, and public documents issued by foreign governments.

502. Books and pamphlets printed exclusively in languages other than English; also books and music, in raised print, used exclusively by the blind.

503. Books, maps, music, photographs, etchings, lithographic prints, and charts, specially imported, not more than two copies in any one invoice, in good faith, for the use or by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific, or literary purposes, or for the encouragement of the fine arts, or for the use or by order of any college, academy, school, or seminary of learning in the United States, or any state or public library, and not for sale, subject to such regulations as the Secretary of the Treasury shall prescribe.

PROPOSED TARIFF ON MANUFACTURE OF PAPER.

Substitute for section 403.

Books of all kinds, including blank books and pamphlets, and engravings bound or unbound, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing not specially provided for in this act, seventy-five per centum ad valorem.

Substitute for section 500.

Books, engravings, photographs, etchings bound or unbound, maps, and charts imported for the use of the Library of Congress.

Substitute for section 501.

All hydrographic charts and publications issued for their subscribers or exchanges by scientific and literary associations or academies, and public documents issued by foreign governments.

Substitute for section 502.

Books and music in raised print used exclusively by the blind.
Cancel section 503.

Volume of job-printing industry in the United States.

From page 21 of Bulletin 79, Census of Manufactures for the year 1907: Book and job printing, 1880, \$90,979,341; book and job printing, 1890, \$95,592,765; book and job printing, 1900, \$124,070,861; book and job printing, 1905, \$186,759,503.

Volume of imports in job-printing industry.

Books, maps, engravings, music, photographs, etc., which have been printed more than twenty years at date of importation, and all hydrographic charts and publications issued for their subscribers or exchanges by scientific or literary associations, or academies, or publications of individuals for gratuitous private circulation, and public documents issued by foreign governments (free of duty)—1900, \$621,623.38; 1905, \$953,797.81; 1907, \$1,238,877.50.

Books and pamphlets printed exclusively in languages other than English (free of duty)—1900, \$789,849.05; 1905, \$1,088,957.15; 1907, \$1,459,134.89.

Books and music in raised print, used by blind (free)—1900, \$512; 1905, \$595; 1907, \$567.

(Act of 1907.) Books, maps, music, photographs, etchings, lithographic prints and charts specially imported, not more than two copies in any one invoice, in good faith, for the use of any society or institution incorporated or established for educational, philosophical, scientific, literary, or religious purposes, or for the encouragement of the fine arts, or for the use or by the order of any college, academy, school, seminary of learning in the United States or any state or public library and not for sale (free)—1900, \$191,528.50; 1905, \$265,871.84; 1907, \$302,349.41.

Books; pamphlets, bound or unbound; maps, charts, music in books or sheets, and all printed matter not specially provided for. Rate of duty, 25 per cent—1900, \$1,327,727.14; 1905, \$1,753,864.75; 1907, \$2,770,061.67.

Engravings, bound or unbound; etchings and photographs. Duty 25 per cent—1900, \$210,852.91; 1905, \$213,022.17 (\$1,318); 1907, \$273,317.33.

Weekly wages comparison in printing trades expressed in United States currency.

	Germany.	Great Britain.	United States.
Hand compositors, machine tender.....	\$6.00	\$12.00	\$21.00
Machine compositors.....	8.95	13.50	23.00
Pressfeeders.....	3.00 to 4.00	5.50	16.00
Pressmen.....	5.00 to 8.00	14.00	24.00 to 30.00

NOTE.—These figures for Germany are averages from 33 cities in 1905 plus a 10 per cent increase to provide for the wage increases granted during the year 1907, the records being compiled from United States census reports. These figures for Great Britain are approximately from reports in the files of the American Tariff League of New York. These figures for the United States are the scales of wages paid in New York City, and are representative of the wage scales throughout the entire United States.

In the illustrations which we herewith submit as concrete methods of showing present conditions and conditions which are desired, a few points should be borne in mind.

First. In all printing inventories the labor item fluctuates from 30 per cent to 80 per cent of the entire inventory value, depending on the number of copies in an edition.

Second. As shown in the tables, wages in Germany are from 20 per cent to 30 per cent of the American wages, while wages in Great Britain are from 50 per cent to 70 per cent of American wages. In our illustrations we base our estimates on wages at 33½ per cent of American wages.

Third. In our estimate we have based the values of merchandise used at the same figures in the United States as abroad, although in reality these values throughout Europe are considerably less than in the United States.

Fourth. In making allowance for cost of transportation, insurance, and interest on the capital invested during transit, we have allowed but $2\frac{1}{2}$ per cent on the inventory value, which experience demonstrates to be a low estimate.

Illustration No. 1.

On an inventory of \$1,000, where the labor value is 75 per cent of the total, the laid-down value of this inventory is:

Original inventory-----	\$1,000
25 per cent duty-----	250
Interest and transportation charges-----	25
Total present laid-down value-----	1,275

If produced in the United States at wages three times as great as covered by the inventory on an inventory consisting of 75 per cent labor and 25 per cent merchandise stock, the laid-down value of the \$1,000 inventory is:

Merchandise stock-----	\$250
Labor-----	2,250

Total present laid-down value, American manufacture----- 2,500

If a tariff of 75 per cent, as proposed, prevailed, the conditions would be as follows:

Original inventory-----	\$1,000
75 per cent duty-----	750
Interest and transportation charges-----	25

Total proposed laid-down value of \$1,000 inventory----- 1,775

Illustration No. 2.

On an inventory of \$1,000, where the labor value is 50 per cent of the total, the laid-down value of \$1,000 inventory is \$1,275.

If produced in the United States, at wages three times as great as covered by the inventory value, consisting of 50 per cent labor and 50 per cent merchandise stock, the laid-down value of the \$1,000 inventory is:

Merchandise stock-----	\$500
Labor-----	1,500

Total present laid-down value, American manufacture----- 2,000

If a tariff of 75 per cent prevailed, the total laid-down value of the \$1,000 inventory would be \$1,775.

Illustration No. 3.

On an inventory of \$1,000, where the labor value is 25 per cent of the total, the laid-down value of \$1,000 inventory is \$1,275.

If produced in the United States at wages three times as great as covered by the inventory, value on an inventory consisting of 25 per

cent labor and 75 per cent merchandise stock, the laid-down value of the \$1,000 inventory is:

Merchandise stock	\$750
Labor	750
<hr/>	
Total present laid-down value, American manufacture.....	1,500

If a tariff of 75 per cent prevailed, the total present laid-down value on this inventory would be \$1,775.

Conclusion.

From the above tables it is apparent that with a tariff of 75 per cent the merchandise stock values of the average inventory would have to be in excess of one-half of the total inventory before the American manufacturer would be able to deliver the goods at a price equal to the price quoted by the foreign manufacturer.

STATEMENT OF MR. WILLIAM PARKER CUTTER, REPRESENTING THE BUYING COMMITTEE OF THE AMERICAN LIBRARY ASSOCIATION.

The CHAIRMAN. Do you want to submit something now, or to complete what has been said?

Mr. CUTTER. I want to be heard in opposition to any change in the free list of books, in behalf of libraries.

The CHAIRMAN. Have you a printed brief?

Mr. CUTTER. No, sir; but I have some remarks in notes here.

The CHAIRMAN. A written or a printed brief?

Mr. CUTTER. I have a written brief. I will be very glad to submit this in written form and to read only one or two extracts from it, with your permission.

There are two reasons why I wish, on behalf of the libraries of this country, to protest against any curtailment of the privilege of importation free of duty books for public libraries. The first is that such action as I suggest is for the good of the whole people of the United States. The institutions to be benefited are such as have been established solely for the intellectual uplifting of our race. They are not institutions conducted for profit, but on the contrary they are often hampered for funds, and their usefulness is impaired by a lack of financial resources.

The other point is in regard to protection for the American printer, which I believe is the basis of the argument of the printer for removing that privilege from the free list. I have brought some figures here from my own library, from my own experience, in which I have attempted to estimate the amount of protection that would be accorded to the American printer by the putting books that we import free on the dutiable list. During the last fiscal year the total importations were about six and one-half millions of dollars, or about 2.7 per cent of the total books in the country produced or imported. The duties from importations were about 1.4 per cent of the total. The wages paid for the production of the articles were \$49,000,000, or about 20 per cent of the value of the finished, manufactured or printed article. The wage cost of the imported article if printed in the United States, therefore, would on this basis be 20 per cent of

the cost of the manufacture, which is about 25 per cent of the publisher's wholesale price, or would be 5 per cent of the importation value. That is the wage value of the books that we buy. On the duty-free importations it would be \$168,759, whereas the duty, if paid, would be \$843,795. In other words, our friends, the printers, are asking the public institutions of this country to tax themselves \$25 for every \$5 of protection.

As I have already pointed out to you, public libraries are importing only about a quarter of a million dollars of books currently printed, from all sources, per annum, and of these only \$100,000 worth, those printed in English, would probably be printed in this country. I took my bills for the last four years and checked off those which by any possibility would be ever printed in this country commercially. These would cost the manufacturer \$20,000, and the wage-earner's share would be \$5,000. I submit it is not right to ask this committee to change that item in the free list so that 188,000 printers could get \$5,000.

Mr. CRUMPACKER. Do you know of anyone advocating the imposition of a duty on foreign books imported for public libraries?

Mr. CUTTER. I understood from the newspaper reports that such a thing would be advocated before the committee.

The CHAIRMAN. What paragraph is that?

Mr. CUTTER. From 500 to 504.

The CHAIRMAN. The contention is simply with reference to rebound books, is it not?

Mr. CUTTER. Yes, sir. I can speak of that subject.

The CHAIRMAN. The complaint is made that the public libraries are taking advantage of this paragraph to have books rebound in Europe and brought in here in order to save the expense on binding?

Mr. CUTTER. No, sir; I am doing that myself. That is not the reason. We can not get the work done in this country as well. We have tried.

The CHAIRMAN. But that is the complaint, and that is what you are contending against?

Mr. CUTTER. Yes, sir; I am contending against that complaint simply because we have tried, gentlemen, to get that work done, and can not have it done as well here.

Mr. GAINES. That work is what?

Mr. CUTTER. Rebinding books, so that they can be circulated from 100 to 150 times. We have not been able to have it done satisfactorily here.

Mr. GAINES. What peculiar character of binding is that which can not be done in this country?

Mr. CUTTER. We can not make the binders understand what we want. It is not a different kind of binding. A man abroad has a patent method of sewing, which can not be used in this country.

Mr. BOUTELL. What would be the effect of admitting free all books of foreign authors printed abroad, and in ordinary binding?

Mr. CUTTER. It would be the best thing, sir, I think, for the people of this country, speaking from the intellectual standpoint, that could be. It would make books very much cheaper.

Mr. BOUTELL. Have you figured out that it would be a great loss to anybody?

Mr. CUTTER. I do not think it would.

Mr. CRUMPACKER. Would it not affect the interests of printers in this country?

Mr. CUTTER. No, sir; I do not think it would. It would affect publishers who are not middlemen selling manufactured articles.

(Mr. Cutter filed the following document):

**REMARKS OF WILLIAM PARKER CUTTER, REPRESENTING THE
AMERICAN LIBRARY ASSOCIATION.**

Mr. Chairman and gentlemen of the committee, I appear before you as the representative of the American Library Association, an organization having 2,000 members, and the only organization which can speak for the libraries of this country. I may say, therefore, that I am here to speak for 6,000 libraries, containing 60,000,000 volumes, adding yearly 3,000,000 volumes, and expending yearly \$10,000,000. Through these libraries, I may fairly claim to represent a majority of the reading public in the United States.

I am here to protest against any curtailment of the privilege of duty-free importation which these institutions have enjoyed for so many years. I am here to advocate the inclusion in any bill you may recommend of a clause or paragraph similar to that in the existing law, allowing of duty-free importation of printed matter for the use of such libraries, educational institutions, and societies, and would suggest, if any amendment is made of existing law, such amendment should be in the line of extending the privilege rather than of curtailing it.

There are two reasons why I urge your committee to this action. The first is fundamental. It is because such action as I suggest is for the good of the whole people of the United States; the institutions to be benefited are such as have been established solely for the intellectual uplifting of our race; they are not institutions conducted for commercial profit, but, on the contrary, are often hampered for funds and their usefulness impaired by lack of financial resources. Any help that can be given to them by this Government is helping the education of the citizen, on whose intelligence our prosperity as a nation and a republic must depend.

And, statements to the contrary notwithstanding, the loss of revenue to the Government is slight compared with the benefit conferred. The total imports of books and other printed matter into the ports of the United States during the fiscal year ended July 30 was valued at \$6,541,309, and of this material, \$3,379,182 was imported free of duty. The material allowed free entry is of three classes. First, books wholly in foreign languages; second, books in English which have been printed twenty years; third, books imported for the use of the United States, the Library of Congress, and for use by libraries, educational institutions, and societies of a literary and scientific character. It is my opinion that the importation of books in foreign languages and of books printed previous to 1888 make up 90 per cent of the total of duty-free importations. I may be wrong, but that is my impression after fifteen years' experience. I can confidently say that the total importation of new books in English by libraries does not exceed a quarter million dollars per year. On these, the duty would amount to about \$62,500.

Now, as to the protection for the American workman, for we all want to protect him, if we do no great wrong to other interests.

Of the total imports of books during the past fiscal year, \$3,379,182 were admitted free of duty. Under the existing law, three classes of books may be imported duty free: Books in foreign languages, books which have been printed twenty years, books for libraries and educational institutions. Neither of the first two classes would naturally be printed to any great extent by American workmen, and there would, from the protective standpoint, be no reason for putting a duty on them. Of books printed in the English language since 1888, libraries and public institutions are the sole duty-free importers. I do not believe, after fifteen years' experience, that of these over a quarter of million dollars' worth are imported every year. Of these, from their very nature, few would be reprinted in this country. I do not believe that \$100,000 worth would be so reprinted. The cost of manufacturing a book is about 20 per cent of its net selling price, and the cost of the labor involved is little more than 5 per cent.

According to the census of 1905 (Bulletin 79, published in 1907), the total product of the book and job printing establishments in this country was \$233,230,842. The total importations were \$6,451,309, or 2.76 per cent of the total books in the country. The duty-free importations were about 1.4 per cent of the total. The wages paid for the production of these articles were \$49,061,030, or about 20 per cent of the value of the printed article. The wage cost of the imported article, if printed in the United States, therefore, would on this basis be 20 per cent of the cost of the manufacture, which is about 25 per cent of the publishers' wholesale price, or would be 5 per cent of the importation value. On the duty-free importations it would be \$168,759, whereas the duty, if paid, would be \$843,795. In other words, our friends the printers are asking the public institutions of this country to tax themselves \$25 for every \$5 of protection. As I have already pointed out to you, public libraries are importing only about a quarter of a million dollars of books currently printed, and of these only \$100,000 worth would probably be printed in this country. These would cost to manufacture \$25,000, and the wage-earners' share of this would be \$5,000. It is to afford this protection that you are asked to tax the educational institutions of this country.

Who gets the protection if the printer, binder, and color printer does not? Let me point out that the duty of 25 per cent is greater than the cost of manufacture of the book in this country. It is over 100 per cent of the cost of manufacture. Who is protected? As usual, the middleman. The publisher pays only 2 or 3 per cent of his selling price in greater wages for American workmen, and wishes to pocket the other 20 or more per cent himself.

As I have above stated, the duty that would be levied on new English books imported by libraries would amount, on those books that would be reprinted in this country, to \$25,000. Were this the only result of abolishing the privilege of free entry, I should be less insistent on having that privilege retained. But it is the smallest part of the result.

The true inwardness of the arguments for doing away with free importation lies in an attempt on the part of a few firms in New York City to gain for themselves an absolute control of the price at which a book may be sold or imported. I hesitate to use your time

to explain a history of this attempt, but it is necessary to understand the real reason back of the attack on free importation.

I shall therefore read you certain documents which are pertinent. I am quoting from a decision of Justice Dowlin of the supreme court of the State of New York, rendered November 19, 1907, in the case of Isidor Straus, and another against American Publishers' Association and others. I am reading the findings of the law.

1. That the agreements and resolutions of the two associations (The American Publishers' Association and The American Booksellers' Association) and their respective members were intended to and did prevent competition in the supply of books, copyrighted and uncopyrighted, from the 1st day of May, 1901, to and including the 1st day of April, 1904.

2. That such agreements and resolutions were unlawful and contrary to the laws of 1890, chapter 690, so far as they related to uncopyrighted books.

3. That such agreements and resolutions of the two associations and their respective members, so far as they related to uncopyrighted books, constituted an unlawful agreement, arrangement, and combination whereby a monopoly in the manufacture, production, and sale in this State of an article or commodity of common use was or may have been created, established, and maintained.

The American Publishers' Association and the American Booksellers' Association, controlling over 90 per cent of the trade in books, therefore, were engaged for three years in an unlawful combination to control the price of a commodity.

It will be noted that copyrighted books are excepted from this decision. But in this particular we have a final opinion. The case of Bobbs-Merrill versus Straus was decided by the Supreme Court of the United States during the present year. It hinged on the right to control prices of copyright books, and it was in effect decided that the copyright laws gave no such right.

For two years the publishers have sought to have introduced in a new copyright bill such phraseology as will confirm them absolutely in their control of prices. They have sought to prohibit libraries from importing foreign editions of books copyrighted in this country; they invented many combinations of words to effect this; but they have signally failed to convince the committees on patents that such action was wise.

Now, when they are not able to accomplish the result through the copyright committee, they ask you to enact legislation giving this monopoly to them. They have successively used the retail bookseller and the author as a catspaw; now it is the printer.

They wish to make us pay duty because we have been able to prevent the increase in the price of books by the competition of English editions. Of one of these houses, and one of the most prominent, the majority of the books they sell are noncopyrighted books, printed in England, and having a new title-page with a New York imprint.

I have yet to learn that the printers or the author benefit by any increase of price. Indeed, I am credibly informed that the chief publishing houses of New York City are now nonunion shops, and that the publishers with whom some of us have had to do are the most strenuous fighters of the unions. I have yet to learn that as a result of this system the retail dealers in books achieved sudden wealth. Almost any dealer will tell you that there is little money in the new book business.

Now, you are asked to curtail our privilege of importation, not that the American workman can get more work or more wages, not

that the author may receive greater remuneration for his work, but that a small group of publishers in New York City may be able to raise the price of books, most of them books first published in England, and the public libraries must be at their mercy.

It has been repeatedly stated in the public press and in hearings before committees of Congress that duty-free importation of books for public libraries was injected into the international copyright bill of 1891 during the very last hours of the session. If you will examine the edition of the Revised Statutes of the United States printed in 1878 you will find this provision in the free list under section 2505. I hope when I file papers with this committee to show that it was adopted much earlier, although I suppose your committee have this information already.

This group of publishers has made attempts to gain the control of prices through suits in the courts of the United States; they failed. They tried and are trying to convince the Committee on Patents of the Senate and House that control should be given by prohibition of importation; they have failed; now they come to you with a proposition to tax our educational institutions for their benefit. I am confident you will not listen to them. I am confident that you will support us in our contention.

STATEMENT OF MR. ARTHUR F. RICE, OF ELIZABETH, N. J.

The CHAIRMAN. Do you speak in reference to binding books?

Mr. RICE. No, sir; in regard to lithographic printing, the paragraph we have been discussing heretofore. It is in regard to photo-gelatin printing.

The CHAIRMAN. Have you given your name to the clerk?

Mr. RICE. Yes, sir. I believe I have an appointment. He notified me I was on the schedule.

The CHAIRMAN. Proceed.

Mr. RICE. I will ask for ten minutes and will probably take less. Moreover, I will speak for all the photo-gelatin printing concerns we have, and file their briefs so that your time will not be taken up.

Mr. BONYNGE. What is the number of the paragraph?

Mr. RICE. No. 403, under manufactures of paper.

The CHAIRMAN. We are not considering that. Does any other gentleman speak on paragraph No. 400?

STATEMENT OF MR. D. A. VAN WINKLE, REPRESENTING THE HARTFORD CITY PAPER COMPANY, OF HARTFORD CITY, IND.

Mr. VAN WINKLE. Mr. Chairman and gentlemen, I represent the Hartford City Paper Company, of Hartford City, Ind. We are engaged in manufacturing two special kinds of paper, one of which we call imitation parchment and the other of which we call glassine or parchment paper. We have been engaged in the manufacture of this paper since 1905. Previous to that time this paper was not manufactured in the United States, and all of it which was consumed in the United States was imported from Germany and Sweden.

We find that this paper is classified and dutiable under paragraph 402 of the act of 1897, which brings it in under unclassified papers bearing a duty of 25 per cent ad valorem. This paper is identical in

its uses with parchment paper, and in many places it is used interchangeably with it, and notably in the packing industries, by the grocerymen, by the confectioners and bakers, and parchment paper is classified under paragraph 398 and bears a duty of 2 cents a pound and 10 cents ad valorem.

The transparent papers, or pergamins, are used interchangeably with surface-coated or paraffin papers, which are admitted under the same paragraph and bear a duty of 2½ cents a pound and 15 per cent ad valorem. Our experience in the business has taught us that we are not able to make this paper and put it in competition on the Atlantic seaboard with the imported article, for the reason that the Germans and Swedes are able to obtain their labor at about 41 per cent of our cost, and are also able to obtain their sulphite fiber, from which this paper is made, at from \$10 to \$15 a ton below us for the same grade of stock in this country. Therefore they are able to put their paper in the seaboard markets at from 10 to 15 per cent below our cost of production, which of course shuts us out of business there.

The CHAIRMAN. I understand your contention is that parchment paper made from wood pulp is now classified by the courts as paper otherwise provided for at a lower rate of duty?

Mr. VAN WINKLE. Yes, sir.

The CHAIRMAN. And you desire to have it classified as paper made from rags, ordinary parchment paper?

Mr. VAN WINKLE. Yes, sir. The fact, Mr. Chairman, is that parchment paper is sometimes made of rags and sometimes made out of sulphite.

The CHAIRMAN. What relation does the parchment paper made from pulp bear to the other parchment paper? Is it substantially the same?

Mr. VAN WINKLE. Practically the same.

The CHAIRMAN. Is the process about the same?

Mr. VAN WINKLE. It varies a little.

The CHAIRMAN. The cost is about the same per pound?

Mr. VAN WINKLE. It is about the same per pound.

The CHAIRMAN. I do not think the committee will have any difficulty in coming to the conclusion that parchment paper made from anything will be classified as the same. That would satisfy you?

Mr. VAN WINKLE. Yes.

The CHAIRMAN. You do not ask for a change of duty?

Mr. VAN WINKLE. Not at all.

The CHAIRMAN. Do you ask for a change of duty on all parchment papers?

Mr. VAN WINKLE. Yes. We ask that they be classified the same as the papers with which they come into competition.

The CHAIRMAN. I think that is sufficient.

Mr. CLARK. Mr. Van Winkle, what is it you want?

Mr. VAN WINKLE. We want our paper taken from the unclassified list, which it is now in, and put into the classified list under an amended section—398.

Mr. CLARK. If there is no difference in the tariff after you change it, what do you want to change it for?

Mr. VAN WINKLE. I did not say that.

The CHAIRMAN. It comes in now as paper not provided for at the lower ad valorem rate.

Mr. VAN WINKLE. I said we did not want to have the tariff changed.

The CHAIRMAN. As interpreted by the courts, there is a difference. But you desire to have it the same?

Mr. VAN WINKLE. Yes.

Mr. CLARK. When did you start this business?

Mr. VAN WINKLE. In 1905.

Mr. CLARK. That is, under the same law as you have got now?

Mr. VAN WINKLE. Yes, sir.

Mr. CLARK. Are you making money?

Mr. VAN WINKLE. A little money.

Mr. CLARK. How much money did you make? Let us be perfectly frank with each other.

Mr. VAN WINKLE. On a 300,000 investment we are able to earn from \$8,000 to \$10,000 a year.

Mr. CLARK. How much per cent is that?

Mr. VAN WINKLE. That would be less than 8 per cent.

Mr. CLARK. Is it more than 7 per cent?

Mr. VAN WINKLE. I would have to stop to figure that out. Let us see. Yes; it would be.

Mr. GAINES. You have your figures wrong somewhere; either the amount you are calculating on or your percentage.

Mr. VAN WINKLE. I have not figured it out in per cent. We can earn from \$8,000 to \$10,000 at the rate we have been going in the last six months on a \$350,000 investment.

Mr. GAINES. That would be 3 per cent.

Mr. CLARK. That is the nub of the whole business—what you have just said, "On the basis of the last six months," and the last six months are the worst six months anybody has seen in the United States in the last ten years. Is not that the honest truth?

Mr. VAN WINKLE. The honest truth is that business has been very dull in most lines.

Mr. CLARK. All manufacturing lines?

Mr. VAN WINKLE. I think there are some exceptions.

Mr. CLARK. In most of them. Now, take the best six months, say, in 1907. How much dividend could you make in those six months if you segregated what went before from what came after?

Mr. VAN WINKLE. We are selling our paper at as high a price as we can get for it, and under present conditions the imported paper will not allow us to get any more.

Mr. CLARK. But we have the gorgeous promise that everything is going to blossom like the rose from now on. [Laughter.]

Mr. VAN WINKLE. If it blossoms that way it will be all right. But it might not blossom. [Laughter.]

Mr. CLARK. If it does blossom according to programme, you will not need any increase of the tariff?

Mr. VAN WINKLE. Yes; there would be need of it, because the imported article would come in here cheaper than we could produce it.

Mr. CLARK. You made the first ever made in the United States?

Mr. VAN WINKLE. Yes; so far as I know, that is so.

Mr. CLARK. Why did you not go on and investigate the relation of things in Germany and Sweden to America under the Dingley rates before you went into it?

Mr. VAN WINKLE. We thought we did, but we were mistaken.

Mr. CLARK. Why did you not employ somebody to tell you?

The CHAIRMAN. Nobody could tell what the courts would hold. He could not employ that man in the United States. [Laughter.]

Mr. DALZELL. It is a question of classification.

Mr. CLARK. I know, but it is also a question of raising revenue.

The CHAIRMAN. If all parchment papers ought to be reduced, that would be a fair proposition?

Mr. VAN WINKLE. It would.

Mr. CLARK. If this man is making a fair profit, instead of marking up his the other fellow's ought to be marked down.

Mr. VAN WINKLE. I want to say that no man considers 3 per cent in manufacturing business a very good profit.

Mr. CLARK. I do not believe so, either, if that is what you got.

Mr. VAN WINKLE. No.

Mr. CLARK. You counted out interest and wear and tear before you commenced, and that dividend is "clear velvet," in the language of the street.

Mr. VAN WINKLE. Suppose there was an accident. You know one does not want to take too much risk in the manufacturing business. We might have an accident, or an explosion of a boiler, or things like that, that you could not have on a farm.

Mr. CLARK. No, but our teams might run off and destroy all the machinery and everything we have.

Mr. VAN WINKLE. I do not believe you can get anybody to put money in a 3-per-cent manufacturing industry.

Mr. CLARK. You just now stated that after counting out the interest and wear and tear of machinery you still had 3 per cent velvet.

Mr. VAN WINKLE. We did during the last six months.

Mr. CLARK. That is, during the worst time we ever saw you would get your interest and wear and tear and 3 per cent profit for the first six months?

Mr. VAN WINKLE. We do not think an interest charge on the investment in a manufacturing industry should be counted as part of the profit. You would not do that on a farm.

Mr. CLARK. That is precisely what we would do. The right way to cipher out what you can make as profit is first to count your interest on your investment.

Mr. CALDERHEAD. If that is right, I would have to give my wheat away. [Laughter.]

Mr. CLARK. Oh, no; you would not. You are raising wheat on that land out there at the rate of \$125 an acre.

Mr. GRIGGS. Mr. Van Winkle, what salary do you pay to your president?

Mr. VAN WINKLE. We do not pay him a cent.

Mr. GRIGGS. Does anyone of your executive officers get a salary?

Mr. VAN WINKLE. Not excepting the general manager.

Mr. GRIGGS. What do you pay your general manager?

Mr. VAN WINKLE. We pay the general manager \$2,500 a year.

Mr. GRIGGS. And you say the president gets nothing?

Mr. VAN WINKLE. The president gets nothing, and the secretary gets nothing, and no directors get anything at all, only their percentage of the dividends. If the mill earns anything, they get it; if not, they do not.

Mr. FORDNEY. Mr. Van Winkle, you do not feel under present conditions, with the tax on that imported article, that you have made a fair profit on your investment?

Mr. VAN WINKLE. That is it.

Mr. FORDNEY. And you want a fair protection to do that?

Mr. VAN WINKLE. Yes.

Mr. GRIGGS. Have you increased your stock since you have been in operation?

Mr. VAN WINKLE. No, sir. We have increased our debts, because we have had a lot of experimenting to do and a lot of new machinery to install; and until the last six months we did not make any money at all; in fact, we lost money.

The CHAIRMAN. That is all, Mr. Van Winkle.

Mr. VAN WINKLE. I want to file this brief.

(Following is the brief filed by Mr. Van Winkle:)

BRIEF ON BEHALF OF THE HARTFORD CITY PAPER COMPANY, HARTFORD CITY, IND.

This statement or brief is submitted on behalf of the Hartford City Paper Company, organized under the laws of the State of Indiana and doing business in Hartford City, Ind., and involves the manufacture of paper, under Schedule M—pulp, papers, and books, and more particularly paragraph 398 of the act of July 24, 1897, as follows, the portion italicized being particularly under discussion:

Surface-coated papers not specially provided for in this act, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basis photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface-coated for photographic purposes, thirty per centum ad valorem.

It is respectfully urged that the section above quoted should be amended so as to read as follows, the portion italicized being added thereto:

Surface-coated papers not specially provided for in this act, *grease-proof, imitation parchment, pergamyn papers which have been supercalendered, and rendered transparent or partially transparent, and commercially known as glassine, parchmyn, and japanin paper*, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; *parchment papers, imitation parchment, grease-proof, pergamyn papers, and papers of a density sufficient to show blisters when subjected to heat*, two cents per pound and ten per centum ad valorem; plain basis photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface-coated for photographic purposes, thirty per centum ad valorem.

The suggested amendments are descriptive of various grades of paper manufactured by the company on whose behalf this statement is made by other companies in the United States. These papers come into open and direct competition with the same class of papers now imported into this country, mostly from Germany and Sweden. The imported product, under a decision of the Secretary of the Treasury hereafter referred to, is dutiable at 25 per cent ad valorem under

the italicized portion of the general provision of paragraph 402, as follows, the italics being ours:

Paper hangings and paper for screens or fireboards, and all other paper not specially provided for in this act, twenty-five per centum ad valorem; all Jacquard designs of one-line paper, or parts of such designs, finished or unfinished, thirty-five per centum ad valorem; all Jacquard designs cut on Jacquard cards, or parts of such designs, finished or unfinished, thirty-five per centum ad valorem.

It is contended that these papers, now being imported into this country under the commercial names of grease-proof, pergamyn, imitation parchment, No. 2 parchment, glassine, parchmyn, and japanin, and sold in competition with the same grade of paper manufactured here, should not be permitted to come in under the general classification as provided in paragraph 402, and that paragraph 398 should be amended as above suggested so as to clearly include these grades of paper in the classification of papers there described to which they are similar either in material, quality, texture, or the use to which they may be applied.

There are many reasons why this should be done, and we shall refer to some of them briefly:

Reasons for classification under paragraph 398.

1. Present construction: It was probably intended by the framers of the act, under the designation "parchment papers," to include all other papers which, in point of either material, quality, texture, or uses to which they may be put, are similar to parchment papers. At the time of the passage of the act in question, imitation parchment, grease-proof, pergamyn, glassine, parchmyn, and japanin papers were not manufactured in this country at all and were but little used. However, it was evidently not the intention of Congress in framing the act of July 24, 1897, to give to the descriptive words "parchment papers" a narrow construction or to bring within their meaning only such papers as were made of a particular material or in a particular manner. That this is so is evident from section 7 of the same act, which we quote in full:

That each and every imported article, not enumerated in this act, which is similar, either in material, quality, texture, or the use to which it may be applied, to any article enumerated in this act as chargeable with duty, shall pay the same rate of duty which is levied on the enumerated article which it most resembles in any of the particulars before mentioned; and if any non-enumerated article equally resembles two or more enumerated articles on which different rates of duty are chargeable, there shall be levied on such nonenumerated article the same rate of duty as is chargeable on the article which it resembles paying the higher rate of duty; and on articles not enumerated, manufactured of two or more materials, the duty shall be assessed at the highest rate at which the same would be chargeable if composed wholly of the component material thereof of chief value; and the words "component material of chief value," wherever used in this act, shall be held to mean that component material which shall exceed in value any other single component material of the article; and the value of each component material shall be determined by the ascertained value of such material in its condition as found in the article. If two or more rates of duty shall be applicable to any imported article, it shall pay duty at the highest of such rates.

In the case of *United States v. Stone et al.* (101 Fed. Rep., 713), decided February 9, 1900, by the circuit court of appeals, second circuit, this question was very briefly considered. The case arose on an

appeal to the circuit court of the United States by Stone and others, who were importers, from a decision of the Board of General Appraisers affirming a classification for duty by the collector of certain imported merchandise.

It appears from the opinion of the district judge that "imitation parchment," "parchment No. 2" or "grease-proof wrapping paper," had been classified for duty under paragraph 308, Schedule M, of the act of 1894, at 30 per cent, as parchment paper. The importers protested, claiming that it was dutiable under paragraph 313 or under paragraph 310 of said act, as paper, or manufactures of paper not specifically provided for. The district judge held that the decision of the general appraisers should be reversed, and this decision was affirmed by the circuit court of appeals.

It should be noted that at the time this case was considered no paper of the kind designated as grease-proof, imitation parchment, or parchment No. 2, was being manufactured in this country and the decision was made wholly without reference to its effect upon manufacturers of the same class of paper here. Moreover, section 2499, Revised Statutes of the United States, 1878, was then in force and very similar in effect, if not in language, to section 7 of the act of 1897. We quote as follows:

There shall be levied, collected, and paid, on each and every nonenumerated article which bears a similitude, either in material, quality, texture or the use to which it may be applied, to any article enumerated in this title as chargeable with duty, the same rate of duty which is levied and charged on the enumerated article which it most resembles in any of the particulars before mentioned; and if any nonenumerated article equally resembles two or more enumerated articles, on which different rates of duty are charged, there shall be levied, collected, and paid on such nonenumerated article the same rate of duty as is chargeable on the article which it resembles paying the highest duty; and on all articles manufactured from two or more materials the duty shall be assessed at the highest rate at which any of its component parts may be chargeable.

The effect of this section probably was not considered at all, and probably was not even called to the attention of the court in United States *v.* Stone, *supra*, for it is not referred to in any way by either of the courts that considered the question. From the language of the opinion of the district judge, it is perfectly apparent that the "imitation parchment," "parchment No. 2," and "grease-proof wrapping paper," the imported articles, were very similar in many particulars to the parchment papers referred to in section 308, Schedule M, of the act of 1894. With this admitted similarity, it seems probable that the court would have sustained the general appraisers in their decision to classify these importations as parchment papers if section 2499 had been referred to or considered in any way.

The Treasury Department, in Decision No. 22,163, followed the case of United States *v.* Stone, *supra*, and it has been the practice since that decision in 1900 to admit all these papers described as grease-proof, pergamin, imitation parchment, glassine, parchmin, and japanin under the general classification of section 402, act of 1897.

Since 1895 the above-described papers have been made in this country. The industry is new and, in view of the facts presented here, the case demands a new interpretation of the meaning of parchment papers and a consideration of the effect of section 7, *supra*, on the whole matter.

2. Parchment: A true parchment is the skin of a calf, sheep, or goat, prepared for writing on. Parchment papers, the term used in paragraph 398, should be given a broad construction and include all papers that are similar in appearance to the real parchment and derive their name from that fact. Grease-proof, pergamyn—one of the names of the imported grease-proof—and other papers manufactured by this company have many of the qualities of parchment papers and, while differing in name, are largely used for the same purposes.

3. Grease-proof: The grease-proof and parchmyn papers, which terms apply to all the papers manufactured by this company, in many cases are substituted for parchment paper; both our papers and parchment papers are largely used by meat packers in this country for the same purpose, viz, wrapping smoked meats, lining lard pails and tubs. They are also used interchangeably by grocerymen, bakers, confectioners, poultry packers, and soap manufacturers. Our papers are used because of the quality they possess of being practically impervious to greases. Parchment papers have the same quality.

4. Process of manufacture: Parchment paper which is used for the same purposes as the papers manufactured by this company is produced by subjecting paper known as "unsized" or "waterleaf," made of cotton or sulphite fiber, or both in combination, to a bath of sulphuric acid, which renders it practically impervious to grease, while the paper manufactured by this company is rendered impervious to greases by treating the sulphite fiber from which it is made in such manner, by mechanical appliances, as to gelatinize it, making the resultant sheet of paper very dense, nonporous, and therefore practically impervious to greases.

5. Similarity in appearance: The papers manufactured by this company are not only used as a substitute for parchment paper in many cases, but they are so similar to it that it is often difficult, except by an expert, to detect any difference at all between them. Attached hereto are samples of our grease-proof paper, marked "Exhibit A," of imported grease-proof paper, marked "Exhibit B," and of parchment paper, marked "Exhibit C."

6. Requires skilled labor: The process of manufacturing the papers produced by this company requires the highest skilled and the highest priced labor used in the paper industry. The results obtained are the most perfect possible from the use of wood fiber.

7. Production limited: The care necessary to be used in the manufacture of these papers renders the production from a given unit of labor very small; therefore the cost of labor is a very important factor in the total cost of production.

8. Cost of production and labor cost: These papers are largely produced in Germany and Sweden, both of which countries export their product to this country where it is sold in competition with the same grades of paper manufactured here. Attached hereto as Exhibit G is a statement of the comparative cost of production of this class of paper, showing the cost of labor in German and Swedish mills to be about 42 per cent of the cost of labor in a mill of the same capacity in product to this country, where it is sold in competition with the same from which the paper is made is at least \$10 per ton less to the Ger-

man and Swedish mills than the price of American sulphite from which our paper is made.

9. Amount imported and American production: Effort has been made to obtain a correct statement of the amount of these papers imported into this country, but owing to the fact that they come in under the unclassified list, it has been impossible to obtain exact information. From the best information obtained—that is, from our knowledge of what is used by the large consumers and other information from the importers themselves, we believe that the amount exceeds 10,000 tons annually, all of which, representing a value of more than \$1,000,000 per year, would be manufactured in the United States if adequate protection were afforded. It is certain, also, that the use of this class of papers is growing rapidly.

10. Cost delivered: On account of the low cost of labor and of raw material and the low cost of ocean freights, the Germans and Swedes are able to deliver this paper on the Atlantic and Pacific seaboard at a price varying from \$10 to \$15 per ton below our cost of production, as shown in Exhibit "H" attached hereto, which exhibit sets out the prices at which the foreign product has been purchased by New York importers from 1902 to 1908, inclusive. Exhibit "H" further shows that since 1905, when this company began the manufacture of these papers, the price of the foreign product, especially that grade known as "Parchmyn" has been reduced an average of \$10 per ton below the price at which it was offered previous to that year.

11. Synonymous terms: The terms "imitation parchment," "grease-proof," and "pergamyn" are synonymous terms, being simply trade names for the same grade of paper, and are applied to the grade of this paper which is nontransparent, and the terms "glassine," "parchmyn," and "japanin" paper are synonymous and are applied to the grade of this paper which is transparent. All of these papers are produced from the same basis, the transparent grade being the result of an advanced process to which the nontransparent base has been subjected.

12. Waxed or paraffined papers: At the present time we understand that all imported waxed or paraffined papers are classified and dutiable as surface-coated papers under paragraph 398. This class of paper is used interchangeably with glassine, parchmyn, and japanin papers by confectioners, bakers, groccerymen, packers, butchers, soap makers, and others for wrapping merchandise, where it is desirable to use a transparent paper for showing the contents of the package and a paper impervious to grease, to protect the customers' hands from the greases or fats of the contents of the package.

Attached hereto is Exhibit D, showing sample of waxed papers, and Exhibits E and F, showing samples of glassine, parchmyn, and japanin papers, all of which in many cases are used for identically the same purposes.

13. Process of manufacture: Waxed paper, made for the purposes above stated, is made of sulphite fiber and then coated with paraffin, which gives it a transparency and renders it partially impervious to water and greases. Glassine paper is made of the same material and rendered transparent and partially impervious to grease and water, as heretofore stated, by mechanical processes, and is preferred by many users for the reason it is not coated with paraffin and contains

no oils, greases, nor chemicals, and because of its purity is an ideal food wrapper.

14. Classified as surface-coated papers: Since both classes of paper, viz, waxed paper and glassine, are not only similar in appearance, but are made from the same material and are used for the same purposes, they should therefore be classified the same as surface-coated papers, under the authority of section 7.

15. General: It will be noted that no request is made for an increase of tariff rates affecting the paper industry, but this grade of paper which is now being imported into this country and which comes in direct competition with the same grade of paper manufactured by this company and other manufacturers of the United States is now made dutiable under the unclassified list at 25 per cent ad valorem. We have shown that some grades of this paper are used interchangeably with parchment paper; that for many uses they are equally as good as the parchment paper. We have shown that other grades of this paper are used interchangeably with waxed papers, now classified as surfaced paper; that for many purposes they are as good as waxed paper and for many purposes very much better; that it requires an expert to detect the difference between the two classes of papers, and that the labor required to produce it must be as skillful and as expensive as that used to produce parchment paper. For these reasons it was the evident intention of the Congress which passed this act that this paper should bear the same duty as the parchment paper and that it should be classified in paragraph 398, under Schedule M—pulp, papers, and books.

All of which is respectfully submitted to the consideration of the Ways and Means Committee of the House of Representatives.

HARTFORD CITY PAPER COMPANY,
By B. A. VAN WINKLE, *General Manager*.

Exhibit A, sample of imitation parchment, or grease-proof, made by Hartford City Paper Company.

Exhibit B, sample of imitation parchment, or grease-proof, imported from Germany.

Exhibit C, sample of parchment made in this country.

Exhibit D, waxed paper, classified as surface-coated paper under paragraph 398.

Exhibit E, sample of white glassine, parchmyn, and japanin paper, made by Hartford City Paper Company.

Exhibit F, sample of white glassine, parchmyn, and japanin paper, imported from Germany.

EXHIBIT G.

Cost of producing grease-proof and glassine papers, at Hartford City Mill, August 1, 1908.

The total labor cost in an American mill producing 8 tons of grease-proof and glassine papers is \$169.99 per day.

The entire conversion cost, not including raw material, is \$390.96 per day, or \$48.87 per ton of production.

Bleached white grease-proof:	
Conversion cost per ton	\$48.87
Sulphite	60.50
Sizing and G-P	1.60
Total	110.97
Bleached white glassine:	
Cost for paper, net	136.80
Cost for labor	5.81
Cost for rolls	2.55
Total	145.16

The above statement of cost of producing imitation parchment, grease-proof, pergamyn, glassine, parchmyn, and japanin papers in the mill of the Hartford City Paper Company are made up from the records as they appear upon the books of the company on August 1, 1908, and are true, as I verily believe.

B. A. VAN WINKLE,
General Manager.

Itemized statement of cost of making grease-proof and glassine papers in Klara Fors, Sweden.

The total labor cost in a Swedish or German mill producing 8 tons of grease-proof and glassine papers is \$85.71 per day.

The entire conversion cost, not including raw material, is \$261.91 per day, or \$22.74 per ton of production.

Total conversion cost	\$261.91
Conversion cost, per ton, based on 8 tons production	32.74
Cost of sulphite if produced at mill, per ton	28.00
Cost of sulphite if bought	35.00

Recapitulation of cost.

Cost of sulphite if produced at mill, per ton paper	\$30.80
Cost of conversion	32.74
Sizing	1.50
Total cost	65.04

The above statement of cost of making grease-proof paper in the Klara Fors (Sweden) mill was given to the Hartford City Paper Company by one of the owners, and is thoroughly reliable.

Comparison of wages per day of paper-mill employees in Sweden and America.

	Sweden.	America.
Power plant:		
Engineers.....	\$1.00	\$2.75
Firemen.....	.82	2.00
Helpers.....	.75	1.75
Ash wheelers.....	.69	1.50
Coal wheelers.....	.62	1.50
Beater room:		
Beatermen.....	.75	2.25
Helper.....	.70	1.75
Do.....	.70	1.50
Machine room:		
Machine tender.....	1.15	4.00
Back tender.....	.75	2.00
Third hands.....	.70	1.50
Finishing room:		
Rewinder men.....	.75	1.75
Helpers.....	.60	1.50
Cutter man.....	.75	2.00
Helper.....	.60	1.50
Ream cutter man.....	.75	2.00
Helper.....	.60	1.75
Roll wrapper.....	.60	1.50
Girls.....	.40	.75
Boys.....	.40	1.00
Cutter man.....	.75	1.75
Box shop—Man.....	.60	1.50
Miscellaneous:		
Loaders.....	.60	1.50
Millwright.....	1.00	3.00
Helper.....	.75	2.00
Night watch.....	.60	1.50
Sunday labor, averages.....	3.00	6.24
Electricians.....	.75	2.40
Superintenders:		
Calender men.....	1.00	3.46
Helpers.....	.75	1.50
Helpers.....	.60	1.75
Salaries:		
Superintendent.....		
Manager.....		
Cashier.....		
Stenographers.....		
Shipping clerk.....		
Bookkeeper.....		
Averages.....	23.40	27.00

Comparison of cost of producing grease-proof paper in Germany, Sweden, and America.

	Germany and Sweden.	America.
Cost of sulphite per ton.....	\$30.80	\$49.51
Cost of conversion.....	32.74	48.75
Sizing.....	1.50	1.50
Total conversion cost.....	65.04	99.86

Taking the unit of American labor cost as 100 per cent, the German and Swedish labor cost is 41.7 per cent.

Taking the unit of American cost for raw material (sulphite fiber) as 100 per cent, the cost of the German and Swedish raw material is 62 per cent.

Taking the total cost of American product as 100 per cent, the total cost of the German and Swedish product is 65 per cent.

EXHIBIT H.

Prices of glassine papers, f. o. b. Antwerp, reduced to American standard.

	Pfennig per kilo.	Cents per pound.
White glassine:		
1902.....	52½	5.5
1933, 1904, and 1905.....	50½	5.5
1906.....	47	5.1
1907.....	47	5.1
1908.....	46	5.0
Natural glassine:		
1902.....	40½	4.4
1933, 1904, and 1905.....	37½	4.1
1906.....	37	4.0
1907.....	36	3.9
1908.....	35	3.83
Colored glassine:		
1902.....	57½-61	6.3-6.7
1933, 1904, and 1905.....	54-57½	5.9-6.3
1906.....	52-56½	5.7-6.1
1907.....	52-56½	5.7-6.1
1908.....	50½-54	5.5-5.9

Prices of grease-proof parchment f. o. b. Antwerp or Gottenburg, reduced to American standard.

	Pfennig per kilo.	Cents per pound.
Grease proof:		
1905.....	37½	4.8
1906.....	3½	4.8
1907.....	41	4.46
1908.....	38-½	4.23

The above statements of cost were given by reliable importers from actual purchases made from various mills in Germany and Sweden, and fairly represent the range of prices during those years.

Reduction in the German and Swedish prices on grease-proof and glassine papers since 1905, in which year the Hartford City Paper Company began manufacturing these papers in the United States.

Price per pound f. o. b. Antwerp of white glassine in 1905, 5.5 cents; in 1908, 5 cents. Reduction since 1905, \$10 per ton. Price per pound f. o. b. Antwerp of natural glassine in 1905, 4.1 cents; in 1908, 3.83 cents. Reduction since 1905, \$6 per ton. Price per pound f. o. b. Antwerp of colored glassine, in 1905, 5.9 cents; in 1908, 5.5 cents. Reduction since 1905, \$8 per ton. Price per pound f. o. b. Gottenborg of No. 1 grease-proof, in 1905, 4.8 cents; in 1908, 4.23 cents. Reduction since 1905, \$11.40 per ton.

Costs of imported glassine paper compared to cost of producing same in the Hartford City Paper Company's mill, Hartford City, Ind.

White glassine of German manufacture costs the importer now \$100 per ton f. o. b. Antwerp. Same grade of paper costs Hartford

City Paper Company to manufacture \$145.16. No. 1 grease proof, of Swedish manufacture, costs the importer now \$84.60 per ton f. o. b. Gottenborg. Same grade of paper costs the Hartford City Paper Company to manufacture \$110.97.

Comparative statement of f. o. b. cost, duty paid, under present valuation of white glassine paper, at Antwerp and at Hartford City Mill, Hartford City, Ind.:

	Imported.	Domestic.
Selling price, per ton f. o. b., Antwerp.....	\$100.00	
Duty, 25 per cent ad valorem.....	25.00	
Freight, Antwerp to Atlantic seaport, 10 cents per 100 pounds.....	3.20	
Insurance, commission, and cartage, 2 per cent.....	2.00	
Cost, per ton, at Hartford City mill.....		\$145.16
Freight, Hartford City to New York, L. C. L.....		9.00
Total cost in New York under present classification.....	130.20	154.16

Comparative statement of f. o. b. cost, duty paid, under present valuation of grease-proof paper, manufactured at Gottenborg, Sweden, and at Hartford City, Ind.:

	Imported.	Domestic.
Selling price per ton, f. o. b. Gottenborg.....	\$81.60	
Duty, 25 per cent ad valorem.....	21.15	
Freight, Gottenborg to Atlantic seaports, 20 cents per 100 pounds.....	4.00	
Insurance, commission, and cartage, 2 per cent.....	1.68	
Cost per ton of same grade at Hartford City mill.....		\$110.97
Freight, Hartford City to New York, L. C. L.....		9.00
Total cost in New York under present classification.....	111.43	119.97

The above comparison is made on the highest grades of imported papers with the same grades of domestic papers. On lower grades of paper the difference in cost delivered in New York is still greater in favor of the imported papers.

STATEMENT OF MR. R. S. ELLIOTT, OF PHILADELPHIA, PA.

Mr. ELLIOTT. Mr. Chairman, I think I can get through in five minutes.

The CHAIRMAN. Be as brief as you can.

Mr. ELLIOTT. I desire to present before this committee the following facts, showing why the present rate of duty on glassine and grease-proof papers, as covered by article 402 of the present tariff, should remain the same.

The CHAIRMAN. You can file your brief.

Mr. ELLIOTT. I just wanted to read that page.

The CHAIRMAN. All right.

Mr. ELLIOTT (reads):

The gradual increase in the consumption of these papers in the past twelve years has reached a total, at the present time, of 5,000,000 pounds of grease-proof papers and 10,000,000 pounds of glassine paper per year. Of this amount

American manufacturers are producing approximately 4,000,000 pounds of grease-proof papers and 2,500,000 pounds of the glassine. This business has been established under the present rate of duty, and any increase in the rate would tend to upset the conditions which have become established among the various trades using this class of paper. The domestic manufacturers are producing nearly all the grease-proof paper consumed in America, but only a fraction of the consumption of glassine paper. It will be many years before the American manufacturers will be able to produce the extra 8,000,000 pounds of glassine which is now imported, to say nothing of the natural increase in the consumption of these papers. An increase in the present rate of duty on these classes of paper would prevent the large manufacturers of bags and envelopes in this country from competing with the finished articles, which could be imported from abroad, where the cost of labor of manufacturing is much less.

Now, I want to give you just one point. If you change the specification of this paper and put it at \$2.10, it will affect the fig manufacturers in California to the tune of about \$40,000 a year. If you change the rate on that paper, it will do that. The reason for that is that glassine paper has only been produced in this country in the last two years. It is a specialty, and if you raise the tariff it would take two or three years for another mill to learn to make that paper. In the meantime concerns like the Worcester Envelope Company and the American Paper Goods Company—that employ hundreds of people—would absolutely be at the mercy of envelopes and photographic inclosures made on the other side.

I would like to read a letter from the Worcester Envelope Company, which will show the situation. [Reads:]

WORCESTER, MASS., November 19, 1908.

The Ways and Means Committee,

National House of Representatives, Washington, D. C.

GENTLEMEN: In reference to the present duty on transparent imitation parchment, or glassine paper, we beg to say that we as manufacturers of envelopes and other goods made from this paper find it impossible in the majority of cases to compete with the foreign manufacturer, who can procure the paper at the mill in Germany or in the same country in which he resides.

We understand that there is one factory in this country making paper of this kind, and we are informed by a firm of manufacturers in Europe that they will shortly also establish a branch factory here in this country. They state that it is possible to manufacture this paper here at a good profit with the present existing tariff. From this we submit that there should be no advance, and we strongly urge that there be some reduction, so that we can compete on large orders with the European manufacturers who are placing their goods direct here.

Very respectfully, yours,

WORCESTER ENVELOPE CO.

Dictated by George D. Barber.

Then there is another thing: The American manufacturer asks for a change in the classification of this paper to a parchment paper, but the American manufacturer is able on his grease-proof paper to compete with that vegetable parchment. That vegetable parchment is a much higher grade of paper. There are three manufacturers in this country making it, but the American manufacturer of grease-proof paper has produced such a superior article in color that he is able to influence trade away from the three vegetable parchment mills, who make a much higher grade of stock; so that you could see that to change the classification of this paper, which is a wood paper and not a cotton-stock paper like the vegetable parchment is—the vegetable parchment is worth twice as much—and to ask for an increase of 100 per cent, for that is what it amounts to; you can figure

out exactly what it means to the American using this paper, like box and envelope makers and factories like that.

I would like to file some briefs. I can not do it to-day.

The CHAIRMAN. Give it to the reporter.

Mr. Elliott filed the following:

Notwithstanding the fact that the domestic manufacturers, under the present rate of duty, are now supplying nearly the full consumption of grease-proof papers, they ask for an increase of over 100 per cent in the present rate of duty, and ask for as great a rate as is assessed on vegetable parchment paper, which costs over twice as much per pound. But the domestic manufacturers are also producing an imitation vegetable parchment under the 25 per cent rate of duty which successfully competes with genuine domestic parchment paper.

Mr. W. H. SHORT, of Springfield, Mass. Mr. Chairman, the committee on surface paper will be represented by Mr. Faber. We will make only one argument.

The CHAIRMAN. Very well.

**STATEMENT OF MR. H. B. FABER, OF NEW YORK, REPRESENTING
THE MANUFACTURERS OF SURFACE-COATED PAPERS.**

Mr. FABER. Mr. Chairman and gentlemen of the committee, I will not read my brief, but will simply state some of the main features connected with it.

This is an old industry, the surface-coated paper, paper familiar to you all, and paper used to cover boxes—shoe boxes and hat boxes, and various boxes of that description. This paper has been manufactured in Germany for a great number of years, but it is a relatively young industry in this country. It is a paper that is manufactured by putting onto a white paper stock a color and then polishing this color to make a glazed finished surface, which you will see in samples on the back of this brief.

Now, the main feature of the argument is to show that the imports of the foreign papers have increased from 4,000,000 pounds in 1902 to 8,000,000 pounds in 1907. The manufacturers of surface-coated papers in this country have suffered a corresponding decrease, not so much on their output as in their profits, due to this increase of approximately 100 per cent in the importations of glazed papers. The reason that these foreign papers have come into this country in the volume that they have is due to the cost of production in Germany and the cost of production in this country.

On page 6 of this brief I have calculated the cost of producing this grade of goods in this country and in Germany, and you will notice that to manufacture a unit quantity of this grade, which we call a ream, which is 480 or 500 sheets of paper 20 inches by 24—to manufacture this unit quantity it costs us in this country \$2.25, while in Germany they can manufacture the same thing for \$1.19. The reason for that is that the paper stock that they use is slightly cheaper. Their color is slightly cheaper, and their labor very much so, and you will notice that the labor item in the American product is 49 cents as against 10 cents in the German.

These figures, as you will notice in making the comparison of cost, have been very carefully compiled. I have done the work myself.

and they have covered over 5 000 individual orders that have been turned out and sold to the individual trade. They have been made up in percentages and simplified, of course, under four headings, as you will see on page 5, which will give you the component percentages which enter into the cost of production.

In taking my figures of German cost I have taken an extract from Carl Hoffmann's paper, the *Papier Zeitung*, which is a recognized authority, where he asks the German manufacturers of these goods for their statements of cost; and he has printed that statement in detail, giving the labor of a single laborer on the machine, and that appears on page 7. That is an authentic statement, and it can be relied upon. In that statement he shows that the cost of manufacturing this product in Germany is \$1.19, as against the cost in this country which we show, and which is the combined opinion of all the manufacturers in the trade in this line, of \$2.25. This paper manufactured in Germany for \$1.19 enters this country, all duties paid, for \$1.81, and sells in the open markets for from \$1.90 to \$2 a ream, against our product manufactured at a cost of \$2.25. That shows why the imports of that grade of paper have been on a steady increase, and why the manufacturers in this country have suffered a decrease in their profits.

The American manufacturers have been compelled in late years to throw into the market an imitation paper, and I have submitted a sample of the imitation on the second from the last sheet attached to the brief. To every appearance that imitation resembles the imported papers. It is of the same weight and of the same appearance and of the same character, but the packing qualities of the paper are very different. It is made by an entirely different method. The burnishing is put on longitudinally instead of across the paper, and when that paper is used by the box makers they encounter difficulties which they do not encounter in the imported or domestic flints. This imitation paper we can manufacture in this country for \$1.90 a ream, and you will find on page 8 a detailed statement of our costs. That is the best we can do, \$1.90 a ream, and that imitation paper at a cost of \$1.90 a ream has to compete against the foreign flint paper which it is an imitation of, sold in this country at \$2.90, manufactured in Germany at \$1.19.

Mr. CRUMPACKER. What is the duty?

Mr. FABER. About 62 cents.

Mr. DALZELL. You want to make it 6 cents a pound?

Mr. CRUMPACKER. What would that be ad valorem under your present rate?

Mr. FABER. I should judge it would be about 70 or 80 per cent ad valorem. It would have to be double the duty we have on now, and you will see the duty here on page 4. The ad valorem duty figures up in the neighborhood of 40 per cent.

Mr. CLARK. Of this surface-coated paper that you are talking about, you say there has been an enormous increase in the importation?

Mr. FABER. There has been.

Mr. CLARK. According to your own figures, in the year ending June 30, 1903, they imported 1,359,110.25 pounds, and in the year ending June 30, 1907, there was imported only 1,380,781.50. That is an increase of only about 20,000 pounds in five years.

Mr. FABER. In that figure you gave me, 1,359,110.25, you will notice "Surface-coated papers not specially provided for in this act." That is the beginning of the paragraph, and then comes surface-coated papers "if printed, or wholly or partly covered with metal or its solutions, or with gelatin, or flock." That is another branch of the industry, not the ordinary surface-coated glazed papers which are shown here, and which come under the clause, "Surface-coated papers not specially provided for in this act."

Mr. CLARK. If you do not intend this table to show it, what did you print the table for?

Mr. FABER. The "others not specially provided for" are 4,037,646 as against 4,351,150. I am copying this official table and do not want to omit anything.

The CHAIRMAN. You are included, and the others are not provided for?

Mr. FABER. Yes; we are included and the others are not provided for in this table.

The CHAIRMAN. What are the others?

Mr. FABER. Surface-coated papers.

The CHAIRMAN. Anything besides the paper you manufacture?

Mr. FABER. No, sir.

The CHAIRMAN. "Others not specially provided for" covers the papers you manufacture?

Mr. FABER. That is where it appears on the import sheets.

The CHAIRMAN. I know how it appears. I am trying to find out what the fact is, whether that clause "others not specifically provided for" includes those you manufacture and nothing else?

Mr. FABER. Nothing else. The reading of the paragraph as it stands now is "Surface-coated papers not specially provided for in this act."

The CHAIRMAN. I know how that reads.

Mr. CLARK. The one you are talking about is included in both or one of those classes?

Mr. FABER. Both.

The CHAIRMAN. What did you print the other for?

Mr. FABER. Because that comes under the heading.

Mr. CLARK. You do not make "surface papers," etc.?

Mr. FABER. "Covered with metal or its solutions, or with gelatin or flock?"

Mr. CLARK. I do not know what it is covered with. Do you make papers included in that first specification there—surface papers, etc.?

Mr. FABER. We make papers in both.

Mr. CLARK. What percentage belongs to the first class and what to the second?

Mr. FABER. Ninety-nine per cent to the second class and 1 to the first.

Mr. CRUMPACKER. If the rate of duty is lowered, the box manufacturer would have to have an increase of duty?

Mr. FABER. Not when you consider that a ream of paper will cover nearly a thousand boxes, and where the ream of paper sells at \$2.25 a ream you would see that the fraction of increase there would be very slight.

Mr. CRUMPACKER. I see you figure the difference in the cost of labor in this country and Germany, and state that while labor costs in Ger-

many 10 cents, in this country it is 49 cents. That is based on the rate of wages? It is not based on the labor cost of the product, but the actual wages?

Mr. FABER. These figures are all made up from the pay roll.

Mr. CRUMPACKER. You know in a general way that that is not an accurate way to determine labor cost. In the Philippines apparent labor is also lower than it is here, yet the actual labor cost there is in effect higher than here from an economic standpoint. Is there any difference in the method of production?

Mr. FABER. No, sir; the process is the same. In fact the Germans have copied our machinery, and the hours are the same, and about the same amount of labor is put on the unit product in this country and in foreign countries.

Mr. FORDNEY. What is the difference between the efficiency of German and American labor employed in the production of that kind of paper?

Mr. FABER. As we are compelled to use mostly German labor, that is about the same.

Mr. FORDNEY. The gentleman compared Filipino labor with American labor, and I understood he tried to make the same comparison between the United States and Germany.

Mr. CRUMPACKER. I beg the gentleman's pardon. I was not making a comparison, except to illustrate a principle. That is all.

Mr. FABER. The German and American labor is of about equal efficiency, and we use about the same number per unit of quantity in this country as abroad, and we work about the same hours.

Mr. FORDNEY. There is no such comparison to be made between the labor of the United States and Germany as there is between the United States and the Philippine Islands?

Mr. FABER. I know nothing about the Philippine Islands.

Mr. FORDNEY. They pay 16 cents a day there.

The CHAIRMAN. I see the ad valorem duty on your stock is 44 per cent, and you ask increase of the duty to 6½ cents a pound.

Mr. FABER. We ask you to drop the ad valorem and increase the specific duty to 6 cents a pound.

The CHAIRMAN. That would make the duty equivalent to about 70 per cent ad valorem?

Mr. FABER. I judge so.

The CHAIRMAN. You think you would have to nearly double the duty that there is now in order to live?

Mr. FABER. You can see that, because that duty of 6 cents a pound will not permit that foreign product to sell in this country for less than the cost to the manufacturer to manufacture it.

The CHAIRMAN. How much do you produce here now?

Mr. FABER. In volume?

The CHAIRMAN. How much do all of you produce here in this country?

Mr. FABER. I would have to make a very rough guess at it. I should say a million dollars, covering all the lines.

The CHAIRMAN. Was that amount increased or not, say, from 1903 to 1907?

Mr. FABER. I believe the amount has stood about uniform in the last four or five years. I know the profits have decreased. I can answer for that.

The CHAIRMAN. The profit has decreased, especially in the last year?

Mr. FABER. I am not counting the last year.

The CHAIRMAN. We are not counting the last year.

Mr. FABER. I can possibly answer your question in another way. In 1907, right at the height of our business activity in our own factory, we had 75 flint machines for manufacturing this paper, of which 50 of them were shut down.

The CHAIRMAN. You had 75 when?

Mr. FABER. Seventy-five machines ready to work and only 25 in operation.

The CHAIRMAN. When did you put in that large number of machines?

Mr. FABER. Oh, we have been in business dating back from 1839.

The CHAIRMAN. The business has grown up since that time?

Mr. FABER. Yes; grown up gradually. I can not tell when these machines were put in.

The CHAIRMAN. Does this substitute sell as well as the original goods?

Mr. FABER. No, sir; this imitation you refer to does not sell as readily. It is only by reason of the fact we sell it at lower prices that the goods ever sell at all.

The CHAIRMAN. Does that largely take the place of the original goods?

Mr. FABER. It has not largely taken the place of it. We try to make it take the place of it in competition with the foreign product.

Mr. BONYNGE. What proportion of your output in 1907 was the imitation style?

Mr. FABER. About six-fourths.

Mr. BONYNGE. Six-fourths?

Mr. FABER. Yes; that is, one and one-half times the amount.

Mr. BONYNGE. What percentage of your output was the imitation style in 1907?

Mr. FABER. Sixty per cent of the imitation to 40 per cent of the flinted, or the goods we tried to imitate.

Mr. BONYNGE. You say you are able to sell this imitation flinted article in the United States because you can sell it at cheaper prices than the imported flint?

Mr. FABER. No, sir; we can not sell it at cheaper prices, but we manufacture this imitation product in order to compete against the foreigner.

Mr. BONYNGE. But you get more for the imitation, according to your figures on page 13, than they can sell theirs for?

Mr. FABER. We do, because we can not manufacture the imitation at that price. The imported sells for \$1.90 and \$2, whereas it costs \$1.90 to manufacture the imitation.

Mr. BONYNGE. They sell the imported flint in the United States for \$1.90 to \$2, and you sell the imitation for \$1.90 to \$2.25?

Mr. FABER. Yes, sir.

Mr. BONYNGE. Why does the imitation run out the imported article?

Mr. FABER. It is not doing that. Year by year, as you can see, our imports have been increasing.

Mr. BONYNGE. What percentage of the imitation do you say is sold as compared to the entire amount consumed?

Mr. FABER. Sixty per cent of the imitation against 40 per cent of the flinted paper.

Mr. BONYNGE. That does not look as if the imported flint was running out the imitation flint, if 60 per cent is imitation.

Mr. FABER. Not 60 per cent of the total consumption. You are asking, as I understand it, what percentage of the manufactured goods is imitation and what percentage of the manufactured goods is the flinted goods. I say 60 per cent imitation and 40 per cent flinted goods. These imitation goods come in competition with the imported papers and are gradually being driven to the wall. Of course, the flinted papers are being driven more rapidly than the friction papers, and we only produce 40 per cent of those now.

Mr. BONYNGE. What has been the highest amount you have ever produced of the imitation? Was it ever more than 40 per cent?

Mr. FABER. It was up to 90 or 100 per cent at one time. It was only by reason of the fact we could not compete against this foreign product that we were compelled to go into the manufacture of imitation goods. In the early days there were no friction goods at all; they were all flinted goods. That has arisen in the last few years by reason of competition.

Mr. FORDNEY. The reason you only sell 40 per cent of the flinted article as compared to 60 per cent of the imitation is on account of the large cost of the flinted article?

Mr. FABER. Yes, sir; and it is used for particular work, and we have a limited market now for it.

Mr. FORDNEY. You are trying to induce the market to take the imitation instead of the real article?

Mr. FABER. If we do not do that we will be compelled to go out of the market.

Mr. GRIGGS. How long have they been making this imported article abroad?

Mr. FABER. I really could not say; over a hundred years, I know. There are over 75 factories in Germany.

Mr. GRIGGS. And you have been making your articles relatively a short time?

Mr. FABER. Yes, sir.

Mr. GRIGGS. I understood you to say you had been making it ever since 1839. Can you not make another calculation for us on that?

Mr. FABER. I can not say how long the Germans have been making it. I know it is a good deal over a hundred years.

Mr. GRIGGS. When did you begin to manufacture the imitation flint?

Mr. FABER. The imitation paper has only been brought into the market in the last fifteen years. The foreigners have tried to make an imitation themselves.

Mr. GRIGGS. And failed?

Mr. FABER. And failed to do it.

Mr. GRIGGS. Then you have the field there?

Mr. FABER. No, sir; we have not the field, because it is an imitation, and we do not want the field on imitation.

Mr. GRIGGS. Have you been losing money ever since 1839?

Mr. FABER. No, sir.

Mr. GRIGGS. When did you begin to lose money?

Mr. FABER. When the increase began on the importations.

Mr. GRIGGS. The more you have learned about the manufacture of the paper, the more money you have lost?

Mr. FABER. That seems so—or the more the Germans learn the more we lose.

Mr. CLARK. What kind of labor do you use?

Mr. FABER. We use some skilled labor and some ordinary labor.

Mr. CLARK. I thought you told one of the gentleman you used German labor.

Mr. FABER. We do—skilled labor.

Mr. CLARK. The Germans import the paper and you import the labor?

Mr. FABER. The skilled labor; yes.

Mr. CLARK. You import the labor? Do you import it under contract made in Germany?

Mr. FABER. No, sir.

Mr. CLARK. How can the German find out you want him if you do not have a contract with him?

Mr. FABER. He comes to this country, and this being a very large industry in Germany they have a large market to come from. They come here looking for work in the lines with which they are familiar. and they learn there are paper manufacturers who are making this line of paper.

Mr. CLARK. You did not send an agent over there to drum them up?

Mr. FABER. Positively not.

Mr. CLARK. That is against the law, you know.

Mr. GRIGGS. You say these Germans come over here looking for work, and after arriving here they force you to pay them five times as much as they were getting at home. Is that true?

Mr. FABER. That is true.

The CHAIRMAN. I wish you would send us your pay roll for the month of January, 1907, Mr. Faber.

Mr. FABER. I can do that.

The CHAIRMAN. Show the different classes of labor, specifying the classes of labor, and what you pay by the day or week or hour.

Mr. FABER. There is a classification in one of the sheets I have submitted to the committee. Possibly that will answer your question.

The CHAIRMAN. I do not care for the number of employees so much as I do the number who are skilled and the number who are merely common laborers.

Mr. FABER. I can prepare that for you.

The CHAIRMAN. I do not find in your brief the number of pounds to a ream; I suppose it varies, but you give us no idea of the weight of a ream of paper, and at the same time you ask us to make a duty on the pound basis.

Mr. FABER. In that extract from Carl Hoffman's article I have given it in weight.

The CHAIRMAN. On what page is that? I looked all through the brief and could not find it.

Mr. FABER. I believe I have stated the weight in my brief.

The CHAIRMAN. You have the weight stated in your brief, but in such a way that the committee will have to figure it into pounds.

Mr. FABER. That is 19 pounds to the ream. The average paper weighs 19 pounds to the ream, and the paper weighs about the same as domestic, possibly a trifle less—a half pound or a pound.

The CHAIRMAN. We have work enough to do without translating such figures in that way.

Mr. CLARK. What proportion of your laborers are American citizens, and what proportion of them are unnaturalized? Do you have any idea on that subject?

Mr. FABER. Unnaturalized, you say?

Mr. CLARK. Yes, sir.

Mr. FABER. I believe probably 90 per cent of them are naturalized.

Mr. CLARK. Ninety per cent of them are naturalized?

Mr. FABER. Yes. They have been with us a good many years. The Germans are the skilled laborers.

Mr. CLARK. What I am getting at is this: Are the men you employ American citizens, men who came here to stay, or do they belong to the class that come over here and get work, if they can, and as soon as they get a little money go back to Europe again?

Mr. FABER. No; they are here to stay. We have some that have been with us forty years or more. They come here to stay and settle. We have no transient help from abroad.

Mr. Faber filed the following brief:

STATEMENT OF MANUFACTURERS OF SURFACE-COATED PAPERS.

[Schedule M, paragraph 398, act of June 24, 1897.]

To Ways and Means Committee, House of Representatives of the United States of America (hearing on tariff revision):

The manufacturers of surface-coated papers represented by the undersigned respectfully urge that paragraph 398, Schedule M, of the tariff act of 1897, be amended as hereinafter mentioned.

STATEMENT OF FACTS.

The products particularly and seriously affected by this paragraph are *commonly known as surface-coated, glazed, and plated papers for covering paper boxes*, such as are used for putting up candy, jewelry, underwear, hoisery, knit goods, hardware, and thousands of other articles which are in daily use, and also for printing and lithographic work. Outside of a few large concerns who make book papers the manufacturers of this class of goods do not make the raw paper used for coating, but buy it from paper mills. The various processes of coating require considerable technical skill and experience, and the materials used are pulp and dry colors, glue, clays, etc. These materials are largely imported. The coating is done by machinery, and the papers are then finished on flint machines and friction calenders. The flint machine is a small and rather expensive machine by which the paper is glazed under a flint stone, and will turn out on the average about 2 reams in ten hours. The papers made by this process are the more expensive, have a high finish, and are used for the better grade of boxes, printing, etc. All of the foreign papers in the glazed line imported into this country are finished by this process. The

other process of finishing is by friction calenders—a process made necessary by the steady increase of foreign imports and the inability of the domestic manufacturers to compete on the better grades. The friction-finished papers are simply *imitations* of the flint-finished papers, and are inferior to the latter for the finer grades of work.

The manufacture of surface-coated papers is an old industry abroad. Germany alone has upward of 75 factories turning out these goods, while in the United States there are less than 25.

By reason of the excessive low cost of material and labor abroad, this country has been made the dumping ground of the foreign product, and it has resulted in the curtailment of the output of the home manufacturer.

A specific case will illustrate this point. During the spring of 1907, at the height of the business activity of this country, out of 75 flinting machines in the factory of Doty & Scringeur, Brooklyn, N. Y., only 25 were in operation; the balance were shut down and the labor discharged, solely from lack of work. Furthermore, this has resulted in many manufacturers of surface-coated papers finding it more profitable to import certain lines of papers rather than to manufacture them. One very large manufacturer, Louis De Jonge & Co., of New York, has for years imported largely of these papers, finding it more profitable to import than to manufacture them.

It is a fact that the foreign importation entering into this country at the ports of New York, Boston, Chicago, and other cities has increased almost 100 per cent during the last five years.

Rate of duty.	Quantities.	Values.	Duties.	Value per unit of quantity.	Ad valorem rate of duty.	Year ending—
	<i>Pounds.</i>				<i>Per cent.</i>	
3 cents a pound, 20 per cent ad valorem.	811,744.00	\$141,324.10	352,617.15	\$0.174	37.23	June 30, 1902.
2½ cents a pound, 15 per cent ad valorem.	3,281,503.75	281,829.50	124,312.00	.083	44.11	June 30, 1903.
3 cents a pound, 20 per cent ad valorem.	1,359,110.25	199,282.00	80,619.72	.147	40.47	June 30, 1904.
2½ cents a pound, 15 per cent ad valorem.	4,037,646.20	330,341.00	150,462.36	.082	15.56	June 30, 1905.
3 cents a pound, 20 per cent ad valorem.	1,183,499.75	193,562.00	74,307.00	.182	38.35	June 30, 1906.
2½ cents a pound, 15 per cent ad valorem.	4,331,150.00	350,047.00	161,285.64	.060	40.06	June 30, 1907.
3 cents a pound, 20 per cent ad valorem.	1,086,156.67	177,748.00	68,434.33	.162	38.50	June 30, 1908.
2½ cents a pound, 15 per cent ad valorem.	3,891,057.33	318,812.00	145,068.37	.082	45.52	June 30, 1909.
3 cents a pound, 20 per cent ad valorem.	1,209,681.00	201,538.41	76,502.11	.167	38.01	June 30, 1910.
2½ cents a pound, 15 per cent ad valorem.	4,483,054.65	404,935.00	172,861.70	.09	42.70	June 30, 1911.
3 cents a pound, 20 per cent ad valorem.	1,380,781.50	231,569.75	87,737.41	.198	37.89	June 30, 1912.
2½ cents a pound, 15 per cent ad valorem.	6,883,165.70	573,728.00	258,138.44	.084	44.99	June 30, 1913.

Surface-coated papers, printed or wholly or partly covered with metal or its solutions or with gelatin or flock.

Others not specially provided for

Surface-coated papers, etc.

Others not specially provided for

Surface-coated papers, etc.

Others not specially provided for

Surface-coated papers, etc.

Others not specially provided for

Surface-coated papers, etc.

Others not specially provided for

Surface-coated papers, etc.

Others not specially provided for

This alarming increase, together with the corresponding decrease in the output of the product manufactured in the United States, makes it imperative that some revision of paragraph 398 be made if this industry is to continue in this country.

The stagnation in growth of this industry in the United States is proof sufficient that the profits during the past five years have been lean and that the costs of manufacture have been shaved down to their lowest figures. This is further emphasized by the fact that the manufacturers in the trade are *independent*, there being no combination of any kind.

The unit of manufacture for this country and Germany is a ream, composed of 500 sheets, 20 by 24 inches. The usual wholesale quantities are 20 reams or case lots (foreign), containing 25 reams.

The average cost to manufacture a ream of flinted paper in the United States is \$2.25. The expenses which go to make up the total cost (expressed in percentage) of goods manufactured in the United States are:

	Per cent.
Paper.....	34.6
Color.....	19.5
Labor.....	21.8
Manufacturing and selling expense.....	24.1

100

The figures from which these percentages are made have been compiled during the past three years as accurately as the most approved cost system can determine, and covering more than 5,000 individual and completed orders, actually sold to the trade.

The ream of foreign flinted paper sells in this country for \$1.90 to \$2 a ream, selling against the domestic paper, which can not be manufactured for less than \$2.25 a ream.

A comparison of the relative costs of manufacturing a ream of flinted paper in the United States and in Germany is as follows:

Cost of manufacturing a ream of flinted paper.

	In the United States.	In Ger- many.
Paper.....	\$0.78	\$0.50
Color.....	.44	.25
Labor.....	.49	.10
Manufacturing and selling expense.....	.54	.34
Total.....	2.25	1.19

The figures used in the above calculation of cost of the home product are derived from the percentages heretofore expressed. The figures used in determining the cost of the foreign product are an abstract from an article published by Carl Hofmann, of Berlin, editor of *Papier Zeitung*, attached herewith.

Calculation on surface-coated papers (flinted), copied from article published by Carl Hofmann, of Berlin, editor of *Papier Zeitung*:

"What is the cost of production on 50 reams of flinted paper at 480 sheets, 51 by 76 centimeters in size, which is to be delivered f. o. b. London at 6½ shillings=M. 6.60. 5 per cent commission and 2 per cent discount? Weight of paper to be 48 to 50 grams per square meter.

Calculation on 50 reams.

	M.	Pf.
Net 470 kg. paper, at 28 pf.....	131	60
Average cost of color per ream, 1 m. 30 pf.....	65	
Labor for color mixing.....	2	50
Labor for color-machine tender.....	5	
Labor for one girl helper.....	1	50
Labor for glazing, at 20 pf. per ream.....	10	
Labor for cutting, at 3 pf. per ream.....	1	50
Labor for sorting, counting, and packing.....	5	
3 per cent waste, etc.....	6	65
Packing in 3 (bales).....	4	50
50 wrapping sheets, 5 kg., at 27 pf.....	1	35
Cartage to railroad depot, 525 kg., at 30 pf.....	1	60
Freight to London, 525 kg., at 4 m. 20 pf.....	22	5
5 per cent commission, 2 per cent discount=7 per cent of selling price: 50 by 6 m. 60 pf.=330 m.....	23	10
For superintendence, figured for a capacity of 10 coating machines, at 50 reams.....	20	
Selling expense (no allowance for losses).....	10	
	311	35

Fifty reams glazed paper 51 by 76 cm. cost to manufacture 311 m. 35 pf., and sells for 330 m.

Expressing the above figures in terms of reams 20 by 24 inches, and calculating a mark at 24 cents, we have—

Fifty reams 51 by 76 cm. equal 62.5 reams 20 by 24 inches.

Sixty-two and one-half reams 20 by 24 inches cost 311 m. 35 pf., or \$74.72.

One ream 20 by 24 inches costs \$1.19 delivered in London.

One ream 20 by 24 inches sells for \$1.26 in London.

The margin between cost, 311 m. 35 pf., and selling prices, 330 m., or 18 m. 65 pf., is no profit for the excessively low figuring of the various items, the unavoidable repairs to machinery and plant, loss of interest on long credits. Accidents and many other expenses are not taken into consideration.

This German product, laid down in London at an average cost of \$1.19 a ream to manufacture in Germany, can be laid down in the United States, duty paid, for \$1.81 cost, and sold for \$2 a ream, against the cost of producing the same article in this country for \$2.25.

The manufacturer has been compelled to throw into competition against the imported glazed or flinted paper an imitation known in the trade as "friction finish" papers. This paper is manufactured at an average cost of \$1.90 a ream.

Cost of manufacturing a ream of—		
	Friction finish or imitation flinted in the United States.	Flinted finish in Germany.
Paper.....	\$0.66	\$0.50
Color.....	.37	.25
Labor.....	.41	.10
Manufacturing and selling expense.....	.46	.34
	1.90	1.19

The cost of an imitation flinted paper of American manufacture is greater than the price at which the foreign flinted paper is entered into our markets, all duties paid. The foreign manufacturers do not send an imitation flinted paper to this country.

The American manufacturers find marked differences in the cost of manufacture dependent on the color of the finished product, and have classified the various costs into five different groups accordingly, as follows:

Taking Group A as a unit of cost, or 100 per cent, the relation of cost and selling price is:

A. Surface-coated paper, white, unit of cost, 100 per cent; selling price, \$2.10.

B. Surface-coated paper, tints, approximate unit of cost, 110 per cent; selling price, \$2.25.

C. Surface-coated paper, red and green, approximate unit of cost, 120 per cent; selling price, \$2.50.

D. Surface-coated paper, dark shades, approximate unit of cost, 125 per cent; selling price, \$2.60.

E. Surface-coated paper, copper and metal finish, unit of cost, 150 per cent; selling price, \$3.25.

Samples attached hereto show examples of these groups.

The foreign product entering the United States is valued, in applying the ad valorem duty, without regard to shade, except as to Class E, and sells in the home market, against these domestic prices, for \$1.90 to \$2 a ream for all shades.

In the face of these facts and figures, it is the combined recommendation of the manufacturers of surface-coated paper in the United States that paragraph 398 of Schedule M should be amended as follows:

Paragraph 398—Surface-coated papers.

Amend paragraph 398 by striking out after the word "act" the words "two and one-half cents per pound and fifteen per centum ad valorem" and insert the words "six cents per pound" (as a minimum duty).

Strike out after the word "flock" the words "three cents per pound" and insert the words "six cents per pound" (as a minimum duty).

The amended paragraph will then read as follows:

"Surface-coated papers not specially provided for in this act, six cents per pound; if printed, or wholly or partly covered with metal or its solutions, or with gelatine or flock, six cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basic photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized

paper or papers otherwise surface coated for photographic purposes, thirty per centum ad valorem."

Respectfully submitted.

DOTY & SCRIMGEOUR, INC.,
New York, N. Y.,
 LOUIS DE JONGE & CO., INC.,
New York, N. Y., and Fitchburg, Mass.,
 WALTHER & CO.,
New York, N. Y.,
 SPRINGFIELD GLAZED PAPER CO.,
Springfield, Mass.,
 E. J. LOCKE,
Camden, N. J.,
 NEW ENGLAND CARD & PAPER CO.,
Springfield, Mass.,
 HOLYOKE CARD & PAPER CO.,
Springfield, Mass.,
 UNITED MANUFACTURING CO.,
Springfield, Mass.,
Committee.

Table of comparative wages paid in Germany and the United States in the surface-coated paper industry.

	Germany.	United States.
	<i>Per day.</i>	<i>Per day.</i>
Color machine tenders.....	1.80 m. or 43 cents.	\$1.75
Print or finishing machine tenders.....	1.40 m. or 34 cents.	1.50
Color room bosses.....	4.00 m. or 96 cents.	2.25
Average wages skilled male factory help.....	<div> <div>2.00 m. or 48 cents.</div> <div>2.50 m. or 60 cents.</div> </div>	2.00- 2.50

The CHAIRMAN. That closes the hearing on this subject, the other gentlemen having delegated Mr. Faber to make a statement in their behalf.

The next subject for discussion is Jacquard design. We will first hear from Mr. Robert P. Bagalay.

STATEMENT OF MR. ROBERT P. BAGALAY, OF PATERSON, N. J.

MR. BAGALAY. I am here, if the gentlemen please, to discuss the matter of Jacquard designs.

We are asking for an increase in the tariff on these designs.

MR. FORDNEY. Are these not put on in that name in the free list?

MR. BAGALAY. No, sir.

The CHAIRMAN. Under what section of the schedule is this found?

MR. BAGALAY. It is under section 402. These designs are the skilled part of the silk industry. We are greatly suffering from importation of these designs from Germany. They import designs here at 3 marks per hundred cards, which is equal to about 75 cents. The lowest price at which we can work and earn a decent wage is \$2.70 per hundred, working at our best and fastest. The tariff applied on these designs now is 35 per cent ad valorem. If the 35 per cent was applied it would bring it up to \$1.01 per hundred cards. This duty is not always paid, because they can send it through the

mails in a very small space, very valuable designs which we have here to show you, occupying a very small space comparatively. They can send designs valued up to \$500 through the mails and pay no duty on them. The duty has never been known to be paid for some years by five or six manufacturers. It is easily evaded. They send these designs through in envelopes. They can pack five or six in an envelope. Here is one design which would cost about \$25 upon the basis of the American workman's wages.

Mr. BONYNGE. Do you know how much was imported last year?

Mr. BAGALAY. At a rough estimate, which we tried to get, there was about \$25,000 worth.

Mr. BONYNGE. The statistics we have show the total value of the importations to have been \$1,905.50, and the duties paid were \$666.94.

Mr. BAGALAY. Yes, sir; that is paid through the custom-house in New York by one concern, I believe.

Mr. BONYNGE. You say the rest is smuggled in?

Mr. BAGALAY. Yes, sir; it is smuggled in, and very easily, too. I may say that we went down to the custom-house about four or five years ago and furnished them with information where it was coming from. They were sending it through the mails.

Mr. DALZELL. Smuggling through the mails?

Mr. BAGALAY. Yes, sir.

Mr. DALZELL. I do not see how the tariff will affect that.

Mr. BAGALAY. They state on the other side it is a design of no value.

Mr. BONYNGE. How would raising the duty prevent the smuggling of goods in that way? Will not that have a tendency to increase the smuggling? If there is a higher duty, will there not be a greater inducement to smuggle the goods than if we were to lower the duty?

Mr. BAGALAY. I am asking for a higher duty on it.

Mr. BONYNGE. I know, but putting a higher duty on it would increase the smuggling, would it not?

Mr. BAGALAY. I do not think it would.

Mr. BONYNGE. There would be more inducement to smuggle the goods, would there not?

Mr. BAGALAY. Yes, sir; for certain manufacturers that smuggle them in at the present time. There are only about seven manufacturers that smuggle them in that way. There are only about forty designs, all told. It is so easy to smuggle, you understand.

Mr. BONYNGE. How long has this been manufactured?

Mr. BAGALAY. This is not manufactured. It is art. It is a product of the brain.

Mr. BONYNGE. How long have you been in the business?

Mr. BAGALAY. In America I have been eleven years; in practical business five years. I have been working at this since I was 15 years old. It is a business that takes seven years to get a practical knowledge of. You never learn the business, practically, because there is something always coming in under the construction of machines that you have to restudy again.

They also send perforated cards, done from designs on the other side, in order to evade the duty on it, and they repeat it over here on special machines. They could not send the cards originally made, because they are so heavy, and they send them in a small roll like this [indicating]. They evade the duty on designs like this, which are

called "designing cards." We are now trying to stop that practice. We are only a very small number of men, and we have been trying our very best to stop this practice. We went to the custom house and told them who were sending these over from Germany. The only way I can see is to make them declare what the packages are, from the places where they originate, and then you can see what they are. The post-office in New York or Philadelphia can stop this practice. Make them declare what is in the package.

Mr. GRIGGS. Who will do the declaring?

Mr. BAGALAY. The one that sends the package to this country.

Mr. CLARK. A man has a right to send what he pleases through a letter that pays the highest rate of postage.

Mr. BAGALAY. The legal rate of postage?

Mr. CLARK. Yes, sir. I want to know how you are going to stop it.

Mr. GRIGGS. You say that comes in as first-class mail matter?

Mr. BAGALAY. Yes, sir; it comes in as first-class matter.

Mr. GRIGGS. Did you ever stop to consider how much it would cost to send that as first-class matter?

Mr. BAGALAY. No, sir; we have not.

Mr. GRIGGS. It would cost 32 cents a pound.

Mr. BAGALAY. That would not make much difference on a pattern that will cost \$20 to \$25 to execute in this country. A pound does not amount to much in a proposition of that sort. I know I sent patterns here before I came to this country, under the McKinley Act, and I had to declare what was inside of the packages. I had to make a declaration at the post-office where I posted them in England. I sent them here to a manufacturer and he paid the duty on those sketches. Those were small sketches, which were in the form which I now show you. That is the first part of the silk industry. Next comes the design, and next the cards, and its manufacture in the looms. You have to make a declaration, because I have had to make it and I know, of what is in the package, and whether it is dutiable.

Mr. GRIGGS. In a letter?

Mr. BAGALAY. Yes, sir; to the postmaster where it is sent from.

Mr. DALZELL. Are you after a change in the tariff?

Mr. BAGALAY. We are after a change in the tariff, sir, to bring it up equal to what we work for at the lowest price, and also to stop this importation without paying the duty on the design.

Mr. DALZELL. This committee has no jurisdiction over that.

Mr. BAGALAY. Where is the jurisdiction? Where do we have to go to stop this thing?

Mr. DALZELL. It is the business of the Post-Office Department to correct that sort of thing.

Mr. CLARK. You should apply to the Postmaster-General.

Mr. FORDNEY. This is a violation of the law. The question is to catch them.

Mr. BAGALAY. That is it. We will give all the information we have to the proper parties.

Mr. FORDNEY. You should give it to the Post-Office Department.

Mr. BONYNGE. As I understand it, you also want a change in the rate of duty?

Mr. BAGALAY. Yes, sir; we want a change in the duty.

Mr. BONYNGE. What change do you want?

Mr. BAGALAY. I would be in favor of 100 per cent, to bring it anywhere near what it should be.

Mr. BONYNGE. It is now 35 per cent, and you want 100 per cent ad valorem?

Mr. BAGALAY. Yes, sir.

Mr. BONYNGE. Have you any figures to show the cost abroad and the cost at home that would warrant such an increase?

Mr. BAGALAY. Yes, sir. The cost for a design to be made here by practical men is at the rate of \$25, while the cost on the other side is very little, because they employ young boys and apprentices. We can not do that here, because the boys will not go into the trade. There is not a sufficient amount of it. That is the reason they can sell them at a very small price, such as 75 cents per hundred.

Mr. GRIGGS. Per hundred what?

Mr. BAGALAY. Per hundred cards.

Mr. GRIGGS. What does it cost to make a hundred cards here?

Mr. BAGALAY. A very simple design would cost around \$1.75 for the workman's wages, but we charge it at \$2.50, supplying the paper and material for it.

Mr. CLARK. If the smuggling could be stopped, would that suit you?

Mr. BAGALAY. That would suit us, if they paid the increased duty which we ask for.

Mr. CLARK. If you stop the smuggling and let the duty stay as it is, would that be satisfactory?

Mr. BAGALAY. No; not altogether. They undersell us at least three times. What they can sell here for a dollar we have to charge \$2.50 for as a minimum price.

Mr. CLARK. You want us to stop the smuggling and raise the tariff from 35 per cent to 100 per cent?

Mr. BAGALAY. Yes, sir; to enable us to have an equal chance to compete with them.

Mr. CLARK. That is a very modest request.

Mr. UNDERWOOD. How much business is done in this country?

Mr. BAGALAY. Per year?

Mr. UNDERWOOD. Yes.

Mr. BAGALAY. On an average of about \$50,000, I guess, all told.

Mr. UNDERWOOD. How much of it do the home producers do?

Mr. BAGALAY. I am talking about the home producer now.

Mr. UNDERWOOD. I mean how much is sold in this country? What is the entire volume of business?

Mr. BAGALAY. The volume of business is about equal to what we do—\$40,000 to \$50,000, imported into this country.

Mr. UNDERWOOD. You mean the volume of business is about \$100,000, of which you do about \$50,000 and the importers do about \$50,000?

Mr. BAGALAY. Yes, sir.

Mr. UNDERWOOD. You control one-half of the trade?

Mr. BAGALAY. Yes, sir.

Mr. UNDERWOOD. Do you not think you are pretty well protected when you control half of the trade?

Mr. BAGALAY. I do not think so. Ten years ago there were at least twice as many designers, and the importers have sent them out of

business. They were employed but about one-half the year, owing to the importation of designs.

Mr. UNDERWOOD. You have 35 per cent ad valorem now?

Mr. BAGALAY. Yes, sir; and that does not bring it anywhere near right. They can import their designs or cards, which cost them 75 cents, and the ad valorem duty brings it up to \$1.01, whereas our lowest price is \$2.50, and we only make a reasonable wage at that. This is not printing matter at all. This is skill and is made from the hand and brush and brains. You have to understand every part of the silk machinery to make these designs, or else they would be of no use at all.

Mr. BOUTELL. How much of the foreign product that gets into this country do you estimate is smuggled?

Mr. BAGALAY. I should say 90 per cent. I only know of one firm that imports these cards that pays any duty at all.

Mr. BOUTELL. That is, your opinion is that 90 per cent of the foreign product that gets into this country is smuggled?

Mr. BAGALAY. Yes, sir; through the mails.

Mr. BOUTELL. Have you complained to the Post-Office Department?

Mr. BAGALAY. We have complained to the custom-house, and Mr. Nathan told us to go to Mr. Morgan, of the New York post-office. There is an awful lot smuggled through the Philadelphia post-office, too.

Mr. GRIGGS. Do you know who sends these cards in here?

Mr. BAGALAY. Yes, sir.

Mr. GRIGGS. Do you know that they pay no duty?

Mr. BAGALAY. We know that they pay no duty on these designs.

Mr. GRIGGS. Go and take out a warrant for those fellows. That will stop them.

Mr. BAGALAY. We tried some time ago to stop them. We have been doing our best.

The CHAIRMAN. Having these parties in jail, now we will hear from the next gentleman. Mr. William S. Butts.

STATEMENT OF WILLIAM S. BUTTS, OF PATERSON, N. J.

Mr. BUTTS. Mr. Chairman and gentlemen, the foreign houses, as Mr. Bagalay said, get 75 cents per hundred, while our lowest price is \$2.50. Even if we had this 35 per cent ad valorem increased to 75 per cent, that would bring it up to only \$1, while our lowest possible price is \$2.50. We can not compete with them. Fifty per cent of all designs used are imported to this country. In the last nine years this importation has increased up to 50 per cent, while we can state that in the designing shops in Paterson, which employ probably 12 and 14 and up to 20 designers, they have not even had any increase, but, on the other hand, have only 1 or 2 designers to-day. It has decreased their business greatly. The importation has increased largely. Thirty-five per cent ad valorem would not be sufficient. There ought to be 75 per cent duty on it to make it equal with our price. That means we will have a fair competition.

Mr. CLARK. How does it happen that this trade is falling off under the very same law that you had ten years ago?

Mr. BUTTS. There was not so much importing at that time. It has increased since. They are not quite all importing yet, but there are

probably half a dozen or eight who are importing now and getting the designs for half price, or even one-third the price, that other manufacturers have to pay who do not import the designs. If this condition continues, we will be wiped out of business entirely.

Mr. CLARK. If you could get along very well ten or eight or seven years ago, how does it happen you are getting into trouble now?

Mr. BUTTS. Because they were not importing then.

Mr. CLARK. They were not importing at all then?

Mr. BUTTS. No, sir.

Mr. CLARK. How long have you been in the business at Paterson?

Mr. BUTTS. Over fifteen years.

Mr. CLARK. Are you a naturalized citizen?

Mr. BUTTS. Yes.

Mr. CLARK. And the gentleman who just preceded you, is he naturalized?

Mr. BUTTS. I do not know.

Mr. BAGALAY. Yes, sir.

Mr. CLARK. Both citizens, are you?

Mr. BUTTS. Yes, sir; for over fifteen years.

The CHAIRMAN. The next subject for discussion is tissue paper. We will hear first from Mr. Bernhardt Levi.

STATEMENT OF MR. BERNHARDT LEVI, OF NEW YORK CITY, N. Y.

Mr. LEVI. My name, gentlemen, is Bernhardt Levi, of 318 Forty-eighth street, New York City. I am here to discuss the matter of tissue papers in the form in which I handle them.

Mr. BONYNGE. Under what paragraph in the bill does that appear?

Mr. LEVI. Paragraph 407, section M, is where tissue papers are mentioned; but we are applying for a tariff on such articles as are not provided for, asking for a specific or increased duty.

We have no duty on some of our goods at all, none whatever. There are manufactured articles that are not provided for. We want these articles classified under decorative articles and novelties.

Mr. DALZELL. You want the duty changed?

Mr. LEVI. Yes, sir. It is 35 per cent now on the manufactured article, but not on the paper or the raw material.

Mr. DALZELL. What do you want?

Mr. LEVI. I would like 6 per cent specific and 25 per cent ad valorem.

Mr. UNDERWOOD. What would that make it ad valorem?

Mr. LEVI. That would make the rate specific 50 to 60. At present there is no duty on the paper at all which is used in the manufacture of our articles. There is a duty or a protection of about 100 per cent on the raw material or the paper out of which we make the articles, but on the manufactured articles there is none whatever.

Mr. GRIGGS. Under what paragraph did you say this is mentioned?

Mr. LEVI. 407. Our paper is not provided for. There is no duty on the paper which comes over here and is manufactured here.

Mr. GRIGGS. Do you want to raise the duty?

Mr. LEVI. Put a specific duty on it and lower the ad valorem duty, for the specific duty will protect us, because it will give us the same rate the manufactured paper has. If the 35 per cent ad valorem is on the manufactured articles and there is no duty on the raw material,

you have no protection on the labor. It affects us in that way. We have the best machinery which is used in Germany, and the balance we have manufactured here. We have the same way of manufacturing that they have over there. That is all I desire to say at this time.

The CHAIRMAN. Do you desire to file a brief?

Mr. LEVI. Yes, sir.

The CHAIRMAN. Very well, file it with the clerk.

Mr. CLARK. Do you belong to the American paper trust?

Mr. LEVI. No, sir.

Mr. CLARK. Is there an institution or organization known as the Tissue Paper Association?

Mr. LEVI. Possibly. I buy from them.

Mr. CLARK. Are you not a part of that?

Mr. LEVI. No, sir.

Mr. CLARK. Do they not issue price sheets and fix the prices and raise prices whenever they get ready?

Mr. LEVI. I do not know. I have never seen any sheets.

Mr. CLARK. You never did?

Mr. LEVI. No, sir; I have never seen any. The makers of the papers come to me and offer their papers according to the colors and the quality and thickness.

Mr. CLARK. Do you buy from them?

Mr. LEVI. I buy from the manufacturer or marker of paper. All of my goods are American goods.

Mr. CLARK. Are you acquainted with Mr. Herman Ritter?

Mr. LEVI. I know he is a newspaper owner.

Mr. CLARK. He has been agitating this identical question and put your company in as one of this trust.

Mr. LEVI. I never heard of it. He knows more about it than I do.

Mr. CLARK. I am telling you merely what Ritter did to you.

The CHAIRMAN. If you called Ritter to-day, he might change his attitude.

Mr. LEVI. I never knew I was so well known. I have never met him since 1870.

Mr. CLARK. You are sure you are not a part of a great paper trust, are you?

Mr. LEVI. I wish I were. I am not in any trust.

The CHAIRMAN. Did you ever hear of a tissue-paper trust?

Mr. LEVI. No, sir; I never heard of it. I buy direct from the manufacturer, and the prices are about equal.

The CHAIRMAN. Did you ever hear of a combination of tissue-paper manufacturers?

Mr. LEVI. I never heard of it.

Mr. CLARK. Is it the Tissue-Paper Association that fixes the prices?

Mr. LEVI. I never heard of it.

Mr. CLARK. You never inquired into it when you were buying, did you?

Mr. LEVI. No, sir.

Mr. CLARK. You just simply pay what they tell you to pay?

Mr. LEVI. I buy as cheap as I possibly can and pay cash for it, but if I find a man that will give me the same goods for less money, the quality being the same, of course I buy of him, but I have never found him yet.

Mr. CLARK. That is the trouble to-day. The association fixes the prices to you, if you are not a part of them, and everybody else pays the same.

Mr. LEVI. I never heard of the Tissue-Paper Association. There are so many mills I do not believe they could get them under a trust.

Mr. BOUTELL. You find the prices about the same always?

Mr. LEVI. Pretty nearly. The qualities are different, of course. There are different kinds of machines which make paper worth more than others.

Mr. BOUTELL. I mean paper of the same grade.

Mr. LEVI. It probably costs them the same to manufacture it. I never heard of a trust of any kind except the cardboard trust, and that is going to pieces, I believe.

Mr. CALDERHEAD. Do you know Herman Ridder?

Mr. LEVI. In 1870 I believe I met him once. I am not positive. I read his paper occasionally, as I read all papers.

Mr. CALDERHEAD. Did you ever have any correspondence with him about this?

Mr. LEVI. Never. I never talked to anybody; never knew I was going to come here until last Wednesday.

(The brief filed by Mr. Levi is as follows:)

NEW YORK, November 19, 1908.

THE COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We beg to file with you our brief regarding the tariff on paper decorations and paper novelties.

The products involved are paper decorations and paper novelties. These are at present classed under paragraph 407, Schedule M, as "all other paper not specially provided for in this act," and are at present subject to a duty of 35 per cent ad valorem.

We respectfully recommend that these articles henceforth be specially classified as paper decorations and paper novelties, and that they henceforth be subject to a specific duty of 6 cents per pound and 25 per cent ad valorem. In view of this we recommend that the following paragraph be inserted into the new tariff law: "On all paper decorations and paper novelties, a specific duty of 6 cents per pound and 25 per cent ad valorem."

Reasons.

Letter A from S. H. Knox & Co., of Buffalo, N. Y., of the 5 and 10 cent syndicate, having eighty odd stores, gives some idea of the quantity of this line of goods used by such a concern. This order would (including a proportionate amount of 10 cent bells) have amounted to upward of \$15,000; this entirely without any other form of paper novelties other than the red tissue bell. This concern also sells green paper bells, paper garlands, and wreaths, and a conservative estimate of their complete order in paper novelties would be \$20,000.

F. W. Woolworth & Co., of New York, have 200 stores, and figured proportionately they would use \$47,059 worth of these goods annually. S. H. Kress & Co., of New York, and F. M. Kirby & Co., of Wilkes-

barre, Pa., each have 85 stores, and would use approximately \$20,000 worth. J. G. McCrorey & Co., of New York, have 65 stores, and would use probably \$15,000 worth annually. Then there are E. P. Charlton, of Fall River, Mass., with 32 stores, S. S. Kresge, of Detroit, Mich., with 19 stores, and several other syndicates with 10 and 15 stores, who would use proportionate amounts.

Then there are Sibley, Lindsay & Curr Co., of Rochester, N. Y., and Butler Brothers, of New York City, George Borgfield & Co., of New York, Stroebel & Wilkin Co., of New York, and several others throughout the country who use from \$5,000 to \$20,000 worth of goods in this line annually. Then there are hundreds of stores who use from \$500 to \$3,000 worth of these goods throughout the year. At present fully 85 per cent of the business in this line goes to foreign manufacturers.

Again, calling your attention to letter A. In reply we wrote that we would have special dies made for any size that might be desired.

Now, calling your attention to letter B. The 5-inch bell referred to is shown by sample No. 1. The cost was $62\frac{1}{4}$ cents per gross to produce. We submitted bell No. 2 as one for 60 cents per gross, but it was too small. The 7-inch bell referred to was represented by No. 3, and cost was $\$1.04\frac{1}{2}$ per gross to produce. Letter No. 3 represents the regrets of Messrs. S. H. Knox & Co., and when Mr. Connable was seen by one of our representatives on the occasion of his next visit to New York he informed him that the only reason for his placing the order with an import house was because of our inability to compete in the smaller sizes of bells, in which he did his largest business.

Letter No. 4, from Messrs. Sibley Lindsay & Curr Co., of Rochester, N. Y., shows plainly the inability of the domestic manufacturer to compete with foreign manufacture of the goods. We are using machinery identical to that used in the manufacture of the foreign article, having imported our original machines from Europe.

The differences in costs, as shown by the example cited below, must therefore be accounted for in the difference between wage scales of the different countries as compared with those existing in the United States.

Bell No. 4 is an imported bell. These would cost us 27 cents per gross to produce. These bells are sold to the jobber by the importer at 30 cents per gross. The importer sells these goods at a profit of 10 per cent. This 30 cents then represents the 100 per cent of cost (duty paid) and the 10 per cent profit. The cost (duty paid) therefore is $27\frac{1}{2}$ cents per gross. This $27\frac{1}{2}$ cents now represents the 100 per cent billed to the importer and the 35 per cent duty; the cost as billed to the importer is, therefore, 20 $\frac{1}{2}$ cents.

In this class of goods a manufacturer can not possibly sell at less than 20 per cent profit, as he must figure his running expenses into the goods and also allow for wear and tear on the machinery, breakage of dies. Granting that the foreign manufacturer makes in this instance the minimum profit, this 20 $\frac{1}{2}$ cents now represents the 100 per cent of importer's cost and the 20 per cent profit. The manufacturer's cost price is therefore practically 17 cents per gross; as previously stated, it would cost us 27 cents per gross to produce this bell. We have then a difference of 10 cents per gross. These goods weigh 12 ounces to the gross. The specific duty at 6 cents per pound would equal $4\frac{1}{2}$ cents. The 25 per cent ad valorem duty would equal $4\frac{1}{2}$ cents.

Adding the two we have 8 $\frac{1}{2}$ cents, leaving a difference of only 1 $\frac{1}{2}$ cents in the cost of production of the foreign article and that of the American.

Bell No. 5 represents a bell of foreign manufacture, which is sold by the importer to the jobber at 60 cents per gross, whereas the same size costs us to produce 58 cents per gross. Again, figuring off the 10 per cent importer's profit, the 35 per cent duty, and once more allowing that the foreign manufacturer makes the minimum profit, we find the cost of the production of the foreign article to be 34 $\frac{1}{2}$ cents. This article weighs 42 ounces to the gross. The specific duty at 6 cents per pound would be 17 cents. Twenty-five per cent ad valorem would be 8 $\frac{1}{2}$ cents. Added would be 25 $\frac{1}{2}$ cents. Added to the cost price of the foreign production would bring it practically to 60 cents, or about 2 cents higher than the cost of production of our article.

In the case of the fan sample No. 6. These are sold by the importer to the jobber at 65 cents per gross. Our cost is 63 $\frac{1}{2}$ cents per gross. Again, figuring off the 10 per cent, the 35 per cent, and 20 per cent, we find the manufacturer's cost of the foreign article to be 36 $\frac{1}{2}$ cents. The weight per gross is 3 pounds. The specific duty at 6 cents per pound equals 18 cents. Twenty-five per cent ad valorem equals 9 $\frac{1}{2}$ cents. Added equals 27 $\frac{1}{2}$ cents; plus the manufacturer's cost of 36 $\frac{1}{2}$ cents brings it to 63 $\frac{1}{2}$ cents, or one-eighth of a cent higher than our cost of production.

Practically the same ratio of comparative costs of production exist throughout the entire line.

It can be seen, therefore, that a specific duty of 6 cents and a duty of 25 per cent ad valorem about equalizes the cost of foreign and domestic production.

Although it is impossible to get at the exact wage scale existing in foreign countries in this line, it can be seen from the fact that although we are using the same machines as that used in the manufacture of the foreign article, the difference must be caused by the difference of wages.

This brings our petition strictly within the lines of the Republican party platform, in that part of the tariff plank which says that a sufficient duty will be levied on imported articles so as to equalize the wage scales.

This industry is one comparatively young in this country, and it is one in which the field is enormous. Were sufficient duty levied upon the article so as to enable the domestic manufacturer to compete with the foreign manufacturer of the goods, it is one which would assume large proportions in a few years.

The reason a specific duty and ad valorem duty is asked for in preference to the ad valorem duty is that 6 cents per pound will account for the difference in cost between materials. Six cents per pound and 15 per cent ad valorem is the duty at present levied on tissue papers in reams. The 25 per cent ad valorem allows the domestic manufacturer a fair working margin to account for his manufacturing expenses, such as rent, cost of gas, steam or electric power, wear and tear on machinery, breakage of dies, etc.

We trust that, coming as we do strictly within the lines upon which the tariff is to be revised, our application will be regarded favorably.

Very respectfully,

PAPER NOVELTY MANUFACTURING COMPANY.

PHILADELPHIA, *November 19, 1908.*

THE COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: While I indorse the statements and the object of the Paper Novelty Manufacturing Company, I beg to add as follows:

As a striking instance of the injustice of the present tariff on tissue-paper novelties I would mention that while the raw material used in the making of paper novelties is protected by a duty amounting to nearly 100 per cent the manufactured articles pay a duty of 35 per cent only. In other words, the American maker of paper is protected, while the user of his paper has to pay a high price for the raw material and in addition has to pay wages four times higher than those paid in Europe.

In Europe a girl averages from 6 to 8 marks a week on this class of work, while my books show that the American woman earns from \$6 to \$9 a week.

To equalize this by an increase in duty on manufactured products is what this industry needs to make it successfully compete with the foreign maker.

Yours, very respectfully,

B. WILMSEN.

—
A.

BUFFALO, N. Y., *April 4, 1908.*

PAPER NOVELTY MANUFACTURING COMPANY,
318 East Fourteenth street, New York N. Y.

GENTLEMEN: Yours of the 2d at hand, and in reply will say, after going over our figures, we find that the quantity that we could give you of the small paper bells is not very heavy. We could use probably 5,000 gross, to sell at 6 for 5 cents; 1,200 gross, to sell at 2 for 5 cents; 1,200 gross, to sell at 5 cents.

All red heavy paper, the sizes you submit, are not right for these selling prices as to still give us a good margin. The bells that we use should cost us not far from 60 cents, \$2, and \$4 per gross.

We doubt whether this quantity would warrant you in getting up special dies that you could offer us at about these prices.

Yours, truly,

S. H. KNOX & Co.,
Per CONSTABLE.

—
B.

BUFFALO, N. Y., *April 10, 1908.*

PAPER NOVELTY MANUFACTURING COMPANY,
320 East Forty-eighth street, New York, N. Y.

GENTLEMEN: The writer was in New York this week, but did not have time to stop in and see you. We therefore reply to yours of the 7th, and will say the 5-inch bell would be all right, except price, and would not sell it at 6 for 5 cents. You should have something in this to cost not over 60 cents per gross. The next size, 3 for 5

cents, your 7-inch bell, would do if it did not cost us over \$1. You did not quote us on this in your letter of April 7, so do not know what your price is.

Your 9-inch would answer very well for the 2 for 5 cents bell and your 12-inch possibly for the 5-cent bell, if you would give us eight more layers of paper. The meshes should be glued a trifle closer together.

Now, this gives you an idea of what we want. Please advise us what you can do in the matter.

Yours, truly,

S. H. KNOX & Co.,
Per CONSTABLE.

BUFFALO, N. Y., *May 28, 1908.*

PAPER NOVELTY MANUFACTURING COMPANY,
318 East Forty-eighth Street, New York, N. Y.

GENTLEMEN: In regard to the Christmas paper-bell business, there are some novelties in the way of paper stars that we can only get on import, and we do not want sufficient quantities to make individual shipments; also, extra inducements were tendered us to get the order on bells. Both of these matters influenced us to place the order elsewhere.

The writer regrets very much to have put you to so much trouble, but assures you that the quotations are strictly confidential, and I appreciate your disposition to meet our wishes in every way, and trust we may be able to give you some business possibly in this line out of stock through the fall, if not in some other line, that will reimburse you in a way for the time spent with us.

Yours, truly,

S. H. KNOX & Co.,
Per RALPH CONNABLE, Jr.

ROCHESTER, N. Y., *April 2, 1908.*

PAPER NOVELTY MANUFACTURING COMPANY,
318 East 48th Street, New York.

GENTLEMEN: We have your favor of the 25th, and also the samples, but we have no price on the goods. We should like to have you submit us prices. You, no doubt, are aware that we import these goods very extensively, and if we are to be interested in your goods at all, it would have to be at a very low price. We are supplying a great deal of large trade and also some jobbers with these goods, and we trust that you would not have to figure a commission into the price of the goods you sell us, as if you do, we doubt if we would find anything in them that we could afford to use. If you could make us prices which were favorable we should have no objection to buying all of our bells in America, but up to the present time we have not found anything that would compete with the goods that we import.

Yours, very truly,

SIBLEY, LINDSAY & CURR Co.

The CHAIRMAN. The next gentleman to be heard from is Mr. John K. Buck.

STATEMENT OF MR. JOHN K. BUCK, OF HARTFORD, CONN.

Mr. BUCK. I represent certain manufacturers of tissue paper and specialties in higher grades and lighter weight papers. I call attention to paragraphs 397, 398, 401, and 459. These all embrace articles in which those people whom I represent are interested and which they more or less manufacture.

With reference to paragraph 397, we all say that from our standpoint we are satisfied with the present duty.

With reference to paragraph 398, we call attention to the second clause, as follows:

If printed, or wholly or partly covered with metal, or its solutions, or with gelatin or flock, 3 cents per pound and 20 per cent ad valorem.

We desire in a degree to affect that duty by inserting at the end of the paragraph, so that if it is adopted into the new law it will be a distinct clause by itself, the following:

Metal-coated tissue paper, weighing not over 15 pounds to the ream of 500 sheets, on a basis of 20 by 24 inches, and whether in reams or any other form, 10 cents per pound and 30 per cent ad valorem.

Just to explain about that. The former metal-coated papers are manufactured in large quantities by several mills in this country, and no complaint is made by the people that I represent in regard to the rate on those. Several years after the act of 1897 went into effect there appeared on the American market this kind of paper. It was composed of a very thin tissue paper and tin foil reduced to a liquid state and then brushed onto it or coated onto it. That combination of the very thin tissue paper with the tin foil reduced to a liquid form and brushed onto it came into the market under the duty to which I have just called attention of 3 cents a pound and 20 per cent ad valorem. Now, that kind of tissue paper required the highest skilled labor and the most delicate machinery. The workmen command the highest wages that could be paid for manufacturing paper products, so that the goods of that combination came to be very high and the American manufacturers, of course, knew of its importation, but were unable to compete with the foreign manufacturer, because on account of wages they were paying and other conditions it was impossible to produce that combination paper for a less rate than 70 cents per pound.

It costs the foreign manufacturer just 57 cents to lay it down in New York. It costs the American manufacturer 70 cents to produce it, and all we ask is that you put us on an equal footing with the foreign product. We ask for a duty of 10 cents specific and 30 per cent ad valorem, which makes it cost 57.51 cents. We want to see if we can manufacture it here, and we are ready to commence the manufacture of it.

Mr. UNDERWOOD. You say it costs you 70 cents to produce it, laid down in New York?

Mr. BUCK. Yes, sir; 70 cents a pound.

Mr. UNDERWOOD. At what price can the New York importer lay it down?

Mr. BUCK. Fifty-seven cents. It costs at port of shipment 45 cents, and then they add the duty of 3 cents specific and 20 per cent ad valorem under the old clause. This is a new thing which has just come into vogue, and we are unable to compete with it. This paper with which we are to compete has heretofore been exempt.

Mr. UNDERWOOD. The importer lays it down in the port of New York at a little over 65 cents, and the ad valorem rate of 30 per cent is added.

Mr. BUCK. It costs the foreign manufacturer at the port of shipment 45 cents, to which must be added the specific duty of 3 cents and an ad valorem of 30 per cent a pound, making 57 cents.

Mr. UNDERWOOD. You claim that that is the cost to the importer with the duty added?

Mr. BUCK. With the duty paid. The whole cost, duty paid, is 57 cents. All that we ask is to be put on a level with the foreign product.

Mr. UNDERWOOD. What is the volume of this business in the United States?

The CHAIRMAN. I think we had better let Mr. Buck finish the reading of his brief.

Mr. BUCK. I will complete my argument.

(Mr. Buck's brief is as follows:)

BRIEF FOR CERTAIN MANUFACTURERS OF TISSUE PAPER AND SPECIALTIES IN HIGH-GRADE AND LIGHT-WEIGHT PAPERS.

SCHEDULES 397, 398, 401, AND 459—AMENDMENT TO SCHEDULES 398 AND 401.

Memorandum in relation to paragraphs 397, 398, and 401, Schedule M, and paragraph 459, Schedule N, tariff act approved April 24, 1897.

To the COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.:

The undersigned are manufacturers of tissue paper and specialties in high-grade and light-weight papers. They desire to make suggestions in regard to said four paragraphs.

Paragraph 397. We suggest no change in this paragraph, as the manufacturers have adapted themselves to its provisions, and under present conditions of the market it seems to be equitable in its operation.

Paragraph 398. We suggest an amendment to this paragraph by adding at the end thereof the following:

Metal-coated tissue paper weighing not over fifteen pounds to the ream of five hundred sheets on a basis of twenty by twenty-four inches and whether in reams or any other form, ten cents per pound and thirty per centum ad valorem.

The reason for this amendment is that since 1897 (when the present tariff was passed) a new demand has arisen for a very light-weight tissue paper, coated with a solution of tin on one side and of such fine quality and so skillfully made that no pin holes appear in the paper before coating, so that the tin side is used for conducting electric current and the plain or paper side used for insulation. Therefore it can be easily understood that the highest grade of

skilled labor, as well as material, is imperative. A foreign-made article, now imported under the present tariff, only pays 3 cents per pound and 20 per cent ad valorem, thus making this metal-coated tissue paper cost as follows:

Value at port of shipment, 45 cents; specific duty, 3 cents per pound, 3 cents; 20 per cent ad valorem, 9 cents; total, 57 cents per pound.

Under the proposed duty this article would cost, duty paid, as follows:

Value at port of shipment, 45 cents; specific duty, 10 cents per pound, 10 cents; 30 per cent ad valorem, 13½ cents; total, 68½ cents.

This paper costs the American manufacturer to put on the market about 70 cents per pound.

(Exhibit A, hereto attached, is a sample of this metal-coated tissue paper.)

Paragraph 401. We suggest the following amendments to paragraph 401: After the words "typewriter paper" and before the word "weighing," in the second line, insert the words "cover papers." The reason for this amendment is that heretofore there has been no classification of this grade of paper, and it might come in under printing paper at the low rates, whereas it is high-grade paper and should be classed with writing and other papers mentioned in this paragraph.

Also after the word "rates" in said paragraph, and before the word "provided," insert the following:

also papers commonly known as onion-skin papers, weighing not over eight pounds to the ream, and whether in reams or any other form, six cents per pound and fifteen per centum ad valorem; if weighing over eight pounds to the ream and under ten pounds to the ream, and whether in reams or in any other form, five cents per pound and fifteen per centum ad valorem.

This is to meet the condition that has arisen since 1897, the very thin typewriter papers and onion-skin papers being in use in increasing quantities of late years in the carbon duplicate methods and new system which compel the use of very light-weight papers, which are really in a class by themselves, and should carry a much higher rate than the other papers mentioned in this paragraph, for under present conditions the foreign manufacturers are importing what is known as "glazed" and "unglazed" onion-skin papers and selling them to the paper dealers at 72 cents per ream, or at 9 cents per pound (in many cases 8 cents per pound), while this paper that is made here costs about 12 to 16 cents per pound, with the result that the American mills are fast losing the business.

Under the present conditions the foreign manufacturers import this paper and pay a very small duty—eight-tenths of 1 cent per pound.

Under the present duty this article would cost as follows:

Value per pound at port of shipment, 5 cents; specific duty, eight-tenths of a cent per pound; total, 5 $\frac{8}{10}$ cents.

Under the duty proposed by the amendment this paper would cost as follows:

Value per pound at port of shipment, 5 cents; specific duty, 6 cents per pound; ad valorem duty (15 per cent), three-fourths of a cent; total; 11½ cents.

One reason why the foreign manufacturer can sell the paper so much cheaper than we is the difference in labor cost, as shown in schedule given below:

Labor table.

	Foreign per day.	American per day.
Engineers.....	\$1.00	\$2.68
Boater men.....	.75	2.50
Helpers.....	.70	1.65
Machine tenders.....	1.15	3.15
Back tenders.....	.75	1.70
Cutter men.....	.75	2.65
Helpers.....	.60	1.85
Girl finishers.....	.40	1.35
Millwrights.....	1.00	3.75

These same labor conditions apply to the metal-coated tissue mentioned in paragraph 398, also the tissue and other light-weight papers mentioned in paragraph 397, and the cigarette papers mentioned in paragraph 459, Schedule N.

As for material, we use better stock, which costs us considerably more than the material used by the foreigner in manufacturing their onionskin paper, and we claim our papers are much better.

The amendment is asked for to meet the new conditions which have arisen during the past three years relating to this paper.

(Exhibits B and C, hereto attached, are samples of the imported onionskin papers, selling at 8 and 9 cents per pound.)

(Exhibits D and E, hereto attached, are samples of the domestic onionskin papers, selling at 14 to 20 cents per pound.)

Cigarette paper now included in Schedule N, paragraph No. 459.—Pipes, smokers' articles, etc.

The manufacturers of cigarette papers do not ask that the rate of duty in this schedule be changed, and they desire to state that this is a thin tissue paper of a special manufacture, made in both sheets and reels, and manufactured by the Diamond Mills Paper Company and others, and is equal to any of the foreign manufacture. The consumption of this paper is on the increase and the foreign competition is very strong, but this paper is now made, and can be successfully made, in this country if fairly protected from the foreign article. The manufacturers have, and are, keeping up with this demand as far as they are warranted in doing. It appears that the importations under paragraph 459, which includes this paper, were valued at \$954,521.98 for the year ending June 30, 1907. For the year ending June 30, 1908, the value was \$966,823.29, showing an increase in the importations. This paper could all be manufactured here if the manufacturers were allowed to do so, and the present rate of duty assessed, 60 per cent, is the very lowest that will enable the

manufacturers to continue the making of this paper and compete with the foreign manufacturer.

(Exhibit F hereto attached is a sample of domestic cigarette paper.)

All of which is most respectfully submitted.

THE DIAMOND MILLS PAPER COMPANY,
44 Murray street, New York City.
C. H. DEXTER & SONS,
Windsor Locks, Conn.
THE JERSEY CITY PAPER COMPANY,
Jersey City, N. J.
THE SMITT PAPER COMPANY,
Lee, Mass.

By JOHN R. BUCK,

Hartford, Conn.,
Counsel.

(Here original copy contains Exhibits A, B, C, D, E, and F, as mentioned above, constitute 15 different samples of imported and domestic paper.)

Mr. BUCK (continuing). There is a sample of this paper attached to the brief, and the committee can examine it.

Mr. UNDERWOOD. What is the volume of this business in this country—the manufacture of the paper to which you have referred?

Mr. BUCK. I am unable to answer that question. The only returns are general returns and include all others in that class of extra-thin metal-coated papers, and the manufacture of which is increasing to a considerable quantity.

Mr. UNDERWOOD. You do not know the quantity of this paper that is manufactured—that is, the quantity on which you want the duty changed?

Mr. BUCK. I do not.

Mr. UNDERWOOD. Do you know how much business is being done in that paper by American manufacturers?

Mr. BUCK. I do not know, because it is only an experiment. The experiment has proceeded so far that we are able to say that we can produce it.

Mr. UNDERWOOD. You do not know how much of the American market the American manufacturers can supply?

Mr. BUCK. No, sir; I do not.

Mr. UNDERWOOD. Then you are not giving us any information on which we can come to a conclusion.

Mr. BUCK. I am unable to give you any information as to the volume of the business because the Treasury Department would not furnish it. I wrote to the Bureau of Statistics and also to the Department of Commerce and Labor, but I am unable to get the volume of business in that article.

Mr. DALZELL. This is contemplated to be a new industry?

Mr. BUCK. A new industry entirely. It has only appeared within the past three years. It is classed with this metal-coated paper and the Treasury Department referred to it in that way. I think that Mr. Austin, of the Bureau of Statistics, can find out.

In reference to the typewriter paper, I can say that the American manufacturers now make it at a cost of from 12 cents to 16 cents a

pound produced in the United States. That is made in the Dexter Mills and the Diamond Mills and others. It is being produced, but they are closing their business under the present tariff. I have in my brief a table of the cost of labor.

Mr. NEEDHAM. In your paper you do not include the freight charges?

Mr. BUCK. I have left out the freight charges because they are exceedingly slight and amount to nothing. In the metal-coated paper I put it in. If I can get those rates, I will put them in, and also the volume of business done.

In regard to cigarette papers, it really does not belong in this schedule. It is made by the Diamond Mills. It has a duty of 60 cents, and notwithstanding that duty the importations are increasing every year under that duty. The schedule reads as though it was a little high.

I might say further that in all of these four descriptions of paper we ask for no increase of duty whatever, and in all of the tissue papers and the metal-coated papers which we are now manufacturing we are conducting the business and competing with the foreign manufacturers. We ask no odds further than the present rate. As to these new suggestions, all we are asking is for a duty that will protect us against the foreign product, which is distinctive in character. All we ask is to enable us to conduct the business. If you will do that, we are able to go into the market and take our chances.

Mr. UNDERWOOD. How many people are there in this country who are engaged in the manufacture of this tissue paper?

Mr. BUCK. That I can not say; there are a vast number of them. These are mills in Connecticut and New Jersey. The Diamond Mills have five mills engaged in this work. I do not know the capacity of the other mills.

Mr. UNDERWOOD. Is there any association or combination between the mills for the purpose of fixing prices on tissue paper?

Mr. BUCK. No, sir; there never was and never will be.

Mr. UNDERWOOD. Then there is free and open competition in the market on tissue paper?

Mr. BUCK. Yes, sir; I speak for the Diamond and Dexter mills, and for nobody else. We are not in any combine. We are independent manufacturers and not importers. Some years ago one man exported 20 reams and sold it for less than it cost him in this country, and he gave up the business.

Mr. CLARK. There is no tissue paper combination?

Mr. BUCK. I do not know of any.

Mr. CLARK. If there is one, you are not aware of it?

Mr. BUCK. No, sir.

Mr. CLARK. Then you are not a part of the paper trust?

Mr. BUCK. I do not think so.

Mr. CLARK. It has been stated before us that there is no such thing as a paper trust.

Mr. BUCK. I have heard of it.

Mr. CLARK. Have you ever come in contact with it?

Mr. BUCK. I have seen a gentleman whom they said belonged to the paper trust. I had never seen any of them before.

Mr. CLARK. Do the tissue paper men all sell at the same prices?

Mr. BUCK. I can not answer that question.

Mr. CLARK. Have you ever investigated that question?

Mr. BUCK. I presume that they sell substantially at the same price.

Mr. CLARK. Does not the location of the mill or any favorable or accidental circumstance enable one company to produce cheaper than another company can produce?

Mr. BUCK. Possibly that might be so, but I think, with the railroad facilities, which are so complete and perfect, that it is scarcely a consideration that could enter into the question; and, moreover, if rates were to favor any particular one section or locality that matter could be corrected by the Interstate Commerce Commission.

Mr. CLARK. Is there any association, combination, or arrangement by which anybody acting under authority of such combination can sell this paper to the consumer at a fixed price?

Mr. BUCK. I do not know of any.

Mr. CLARK. You never heard of such thing?

Mr. BUCK. I never heard of such thing. That question has never come home to the persons I represent. I do not think the Dexter Mill would ever permit it. A gentleman who has just whispered to me says that there is no such thing.

Mr. CLARK. Who is the gentleman who just whispered to you?

Mr. BUCK. He is the manager of the mill of C. H. Dexter. He is a practical manufacturer.

Mr. CLARK. Are you a manufacturer?

Mr. BUCK. No, sir; I am a lawyer.

Mr. CLARK. I thought you were asking these things because you were a manufacturer.

Mr. BUCK. No, sir.

Mr. CLARK. Is this gentleman who was whispering to you your client?

Mr. BUCK. Well, he is not my client, but he is the superintendent of the corporation that is my client.

Mr. CLARK. Then, practically, he is your client?

Mr. BUCK. Yes, sir. I know him and have known him for thirty years and I believe his word, and I also believe the word of Mr. Coffin. I have no doubt of the truth of whatever they say.

Mr. CLARK. We lawyers have never been able to get up a trust in our business.

Mr. BUCK. Oh, yes; I know. I do not think that this committee, looking exactly like the Supreme Court, or a little more so, would think anything less of the truth if it came from the lips of a lawyer than if it came from other sources.

The CHAIRMAN. The paper trust which has been spoken of was the International Paper Company. You said that you had heard of the paper trust.

Mr. BUCK. I have heard of that.

The CHAIRMAN. You have no personal knowledge of it?

Mr. BUCK. Not the slightest.

The CHAIRMAN. I suppose that, in referring to the paper trust, you referred to the International Paper Company?

Mr. BUCK. Yes, sir. We have no connection with them—no connection in any way whatever.

The CHAIRMAN. I suppose that there is a uniform price for wheat in Liverpool, is there not?

Mr. BUCK. I think there must be.

The CHAIRMAN. You would not regard that as the absolute existence of a trust—the fact that the producers sell wheat in Liverpool at a certain price?

Mr. BUCK. No; I do not think that is any proof. I think that the manufacturers would be weak to consider anything that would cut their own throat.

Mr. CLARK. Did you not tell me a while ago that you had run across some of the representatives of the paper trust here in Washington?

Mr. BUCK. I said that I had seen one of them—that he had been pointed out to me as one of the paper trust.

Mr. CLARK. I wish you would send in the names of such gentlemen, as we would like to present them to Mr. Bonaparte, of the Department of Justice. It is claimed all the time that they are unable to find anybody who belongs to the paper trust.

Mr. BUCK. I should be glad to furnish any of the names if I can. I do not know any of them, and I suppose that you have more facilities here for finding them out than I have.

Mr. CLARK. I do not run with that gang. They do not come to me, but you being in the paper business I understood you to say that you had met some gentlemen who were representatives of the paper trust.

Mr. BUCK. I think you are in error as to what I said. I said that a gentleman was pointed out to me as being a representative of that trust, but I do not know any of the names.

The CHAIRMAN. The print-paper people will be heard this afternoon, and that will furnish further opportunity for discussion on that point.

STATEMENT OF MR. F. C. OVERTON, 41 PARK ROW, NEW YORK.

Mr. Chairman and gentlemen of the committee, my object in appearing here is to get a clearer wording in section 463 in reference to paper stock of every description. The present law includes grasses, fibers, rags, cotton, jutes, linen, flax, hemp, and manila coming in various forms. We want the law to so read that it will designate the various things that are to go into the manufacture. It is all waste material. A part of this is old rags and domestic shoddy or wool which is only suitable to be used in the cheap paper—the roofing paper. And yet, having some small percentage of wool, it is liable to come under a duty.

The CHAIRMAN. The committee has had its attention given to that, and we will give it careful attention.

Mr. OVERTON. There is another section to which I want you to give attention, and that relates to gunny bags.

Mr. CLARK. Whom do you represent?

Mr. OVERTON. I represent the New York Paper Stock Dealers, which organization is composed of quite a number of mills.

Mr. CLARK. Are you a manufacturer or a dealer?

Mr. OVERTON. These people are dealers. They sell to the paper mills solely. I am arguing for the raw stock, and I want just what the law apparently gives them.

Mr. CLARK. What do you care, if you are not engaged in the manufacture of paper?

Mr. OVERTON. I am presumed to bring in this class of goods free, and yet an inspector of the United States might say that it is subject to duty. If it is going to be subject to duty, I want to know it, because if it is liable to duty I am liable to lose money.

Mr. CLARK. Where do you get most of your stock?

Mr. OVERTON. From the Continent; also from England, France, and Germany.

Mr. CLARK. Do you have to pay any duty?

Mr. OVERTON. The larger part of the business we do is in waste.

Mr. CLARK. Are you simply handling waste?

Mr. OVERTON. Yes, sir.

Mr. CLARK. To whom do you sell—to the paper trust?

Mr. OVERTON. Well, to whom do you refer?

Mr. CLARK. The International Paper Company.

Mr. OVERTON. No; we do not sell anything to the paper trust.

Mr. CLARK. You have nothing in the world to do with the paper trust?

Mr. OVERTON. Nothing in the world.

(Thereupon, at 1 p m., the committee took a recess until 2 p. m.)

(The following papers were submitted by Mr. Overton:)

**IN THE MATTER OF TARIFF REVISION AFFECTING SCHEDULE
"M," PAPER STOCK, BEFORE THE WAYS AND MEANS COMMITTEE,
WASHINGTON, D. C., NOVEMBER 21, 1908.**

The importers and paper mills handling paper stock are satisfied with what they believe to be the spirit or intention of the law as it now stands, but experience has demonstrated that owing to its wording, unnecessary hardship and expense have been entailed both upon the importer and the Government, and indirectly upon the paper mills.

The clause "fit *only* to be converted into paper" causes most of the trouble, and a few examples will illustrate the nature of the trouble with which importer and appraiser have constantly to contend.

Paper stock consists, almost without exception, of waste material of some character, whether paper, rags, cotton, linen, jute, hemp, flax, or manila, and may come in the form of new clippings from the fabrics made of the various fibers or old pieces of same, or may come in the form of threads, strings, twines, or ropes, or in the form of waste of various qualities, such as card waste, rove waste, washed flax waste, etc.

The quality is so varied that although by far the largest percentage goes into the manufacture of paper, a certain small percentage may find its way into some other use as a raw material, or the appraiser may think that it could be put to some other use, and as the law specifies that the material must be "fit *only* to be converted into paper" he assesses duty at 10 per cent ad valorem under section 463, "waste not specially provided for in this act, 10 per cent ad valorem." It has frequently been the case that an appraiser at one port has passed goods free, while exactly the same grade at another port was assessed 10 per cent.

Contracts with paper mills using certain grades of flax-card waste and thread waste have been made with the clause, "duty, if any, to be paid by buyer," inserted, as it was impossible to tell what attitude the appraiser might take, and as an assessment of a 10 per cent duty would frequently more than offset the profit, and as duties of \$20 per ton have been assessed, the importer was unwilling to take the risk. Flax waste should be distinctly defined so that the appraiser has no discretionary power to impose duty applicable to tow of flax or "waste not otherwise provided for."

A low grade of colored jute waste, known as "colored jute caddis," and sold for about \$12 per ton to a mill making roofing paper, has been assessed at 10 per cent on the ground that the small sample brought to the appraiser led him to believe it might be used to pack journal boxes, although wholly unsuited for the purpose on account of dirt and grit.

Old shoddy, rags, and worn-out garments, or what is known in the paper-stock trade as "satinet garments," composed of a mixture of cotton and wool or shoddy, and used by manufacturers of roofing paper, have usually been admitted free, yet in one or two cases have been assessed at 10 cents per pound, although the grade was too low to be worked up into shoddy, and the stock could be used only to be converted into paper, and the domestic collection is sold regularly for that purpose, either packed separately or mixed indiscriminately with old cotton rags.

Old gunny bagging has recently been classified into three grades by the Board of Appraisers, as follows:

Assorted large pieces.

Unassorted, or original gunny bagging.

Scrap gunny, or small pieces, from which the large pieces have been assorted.

The first two grades, assorted large pieces and original gunny, have been assessed 10 per cent ad valorem under section 463, "waste not otherwise provided for;" and the last grade, scrap gunny, has been passed free under section 648, "rags not otherwise specially provided for in this act."

A few years ago gunny bagging always came in free as fit only to be converted into paper. The question of paying duty on same first came up when it was found that a very small portion was broken up, or shoddied, for the purpose of stuffing horse collars, cheap mattresses, etc.

Some time later it became the custom with certain packers to assort out the large pieces and ship them to America to be used as patches, tops, or sides, in rebaling cotton.

The Government then assessed duty at 10 per cent ad valorem under section 463 on all old gunny bagging, irrespective of whether it was assorted, original, or scrap, and this custom was adhered to for several years, although the paper mills were still using a large percentage of it, but the oakum manufacturers were also using some to be manufactured into oakum, thus paying duty on raw stock and manufacturing it into a finished product which is free of duty.

Old gunny bagging has also been used in this country as a raw product by a manufacturing concern making gunny bagging, the old stock being shoddied and used in connection with raw jute, which is also free.

All of these different rulings have been under the present tariff law or previous laws whose wording of the section pertaining to paper stock was, in effect, the same as the present law.

Although the paper-stock importers cheerfully admit that the Board of Appraisers have given the cases which have come before them careful, intelligent, and impartial consideration, yet the very wording of the section has made it absolutely impossible for them to give uniform decision, not because the goods in question varied in character or quality, but because the law specifies that the material must be fit *only* to be converted into paper, and whenever an appraiser had evidence or believed that the material could be used for anything else than paper making (and this happens frequently) duty would be assessed.

If the Government sustained their claim, and they sometimes showed uses of which the importer had never heard, the importer would make a loss not figured on in the cost of the goods, and if the importer won he received a refund, half of which went to his attorney for handling the case. Such uncertainties necessarily curtail business and make it difficult to figure cost, owing to unknown quantity of duty.

We respectfully but strongly urge that the wording of section 632 be revised so that it is definite and unequivocal, and that, being raw stock, the question of whether or not it is dutiable be determined by the material itself rather than the use to which it is or may be put.

A possible exception to this principle might be made with reference to a definite grade, such as "old satinet garments," above mentioned, and which contain a small percentage of wool or shoddy, by stipulating in a separate section that it must be converted into paper.

Again referring to old gunny bagging, it is hoped that Congress may not feel that it is essential, for the purpose of protection, to assess duty on any of the three grades before mentioned and admit all free of duty. If, however, duty is to be charged on any of the grades of gunny, we respectfully suggest that the duty be made specific rather than ad valorem, as is the custom at present.

The reason for requesting a specific duty is that old gunny bagging frequently follows the market on jute butts, which are free, and when a short crop of jute butts causes manufacturers to supplement the supply with old gunny bagging a wider market and correspondingly wider range of prices is apt to occur, frequently increased by speculative interests in no way connected with the paper trade, and it is most difficult to determine the correct value for duty purposes, so that in addition to the duty, fines and penalties are imposed, owing to difference of opinion between appraiser and importer as to the market value at time of shipment. Original, unassorted gunny to-day is worth approximately \$13 per ton, and within the past three years it has been as high as \$45 per ton. Instances have occurred where importers have contracted for the purchase abroad of a quantity of old gunny bagging at a low price, and not wishing to speculate have simultaneously sold same in this country on a small profit, figuring duty at 10 per cent on the cost, with the result that a rapidly rising market and correspondingly higher valuations upon which duty must be paid have resulted not only in loss of profit but a substantial loss in addition, even though furnisher and consumer properly lived up to the terms of their contract. We do not think duty should be as-

sessed on any gunny, because, in the first place, it all originates from American cotton bales shipped abroad, and has consequently either been manufactured in this country or else paid a duty of six-tenths cent per pound. Furthermore, it is used exclusively as a raw product for manufacture, and even the assorted sides for baling must be re-assorted, mended, sewed together, and put in rolls before being ready for the market, so that all the duty which is paid by the importer must eventually be paid by the manufacturer who uses the goods as raw material.

In place of section 632, which is as follows:

Paper stock, crude, of every description, including all grasses, fibers, rags (other than wool), waste, including jute waste, shavings, clippings, old paper, rope ends, waste rope, and waste bagging, including old gunny cloth and old gunny bags, fit only to be converted into paper—

We recommend the following:

Paper stock, crude, of every description, including all grasses, fibers, rags (other than wool), waste, including jute waste, flax waste, flax-thread waste, hemp waste, linen-thread waste, shavings, clippings, old paper, rope ends, waste rope, and waste bagging, including old second-hand gunny bagging, not advanced in manufacture, to be used as raw material, free.

This, in our opinion, would cover all grades of paper stock, excepting old satinet garments and rags containing a small percentage of wool or shoddy, and suitable only for paper making, and this should be provided for in a separate section, and to cover same we urge the following section:

Rags or old garments composed of a mixture of cotton and wool, or cotton and shoddy, or cotton and wool and shoddy, and suitable for, and to be used for, the manufacture of paper, and for no other purpose.

The object of this brief is solely to get the clearest possible wording of the section relating to paper stock in order to avoid conflicting rulings in the future, without changing what we believe to be the intent of the existing law.

Respectfully submitted.

NEW YORK PAPER STOCK DEALERS' ASSOCIATION,
By FRANK C. OVERTON, *41 Park Row, New York,*
A. SALOMON, *140 Nassau street, New York,*
HENRY ATTERBURY, *38 Park Row, New York,*
Committee.

(A communication from the Philadelphia Paper Stock Dealers' Association is attached herewith, together with a few letters from paper mills, which indicate and illustrate their attitude relative to section 632 of the present law.)

BOSTON, November 18, 1908.

MESSRS. CASTLE, GOTTHEIL & OVERTON,
New York, N. Y.

GENTLEMEN: In reply to your communication of yesterday I will say:

Owing to the indefiniteness of section 632 of the tariff act, we have for ten years been subjected to a series of annoyances which are a disgrace to any well-ordered government. There has been no uniform

practice of custom-house officials in levying duties on paper stock. Ten years ago, after a certain grade of flax waste had been passed as free for a dozen years, there was a sudden hold up, and duties of \$20 per ton were demanded on stock which only cost \$25 per ton, delivered at one of our mills, and the authorities demanded this rate on six carloads which had been entered, examined, passed as free, and manufactured into board. We protested and refused to pay, but after five or six years the Government sued us and recovered the duty, and then we took the case before the General Appraisers and they decided that the stock was not dutiable and the duties were refunded; but it cost us \$1,200 for expenses.

I can point to more than a score of cases where duties have been extorted from importers and refunded later after a loss of interest and legal expense had been incurred.

As "tow of flax" is dutiable at \$20 per ton, there should be a definition of the distinction between tow of flax and flax waste.

The words "fit only to be converted into paper" are worse still, as every paper stock is fit for something else, if only for kindling fire or bedding horses. The law was doubtless intended to have all crude paper stock free, and it should be so expressed that if some one uses a few bales for some other purpose, it should not subject the whole class to duty.

While the present practice at Boston is more uniform than formerly, the difficulties I have mentioned still exist and should be remedied.

Yours, very truly,

NATIONAL FIBER BOARD COMPANY,
By STEPHEN MOORE, *Treasurer.*

NEW YORK, *November 20, 1908.*

MESSRS. CASTLE, GOTTHEIL & OVERTON,
No. 41 Park Row, New York City.

GENTLEMEN: Referring to the hearing of the Ways and Means Committee on paper stock, we beg to advise you that in our mills we consume approximately 25,000 tons per year of rag stock, and find it necessary to secure a portion of this from a foreign market.

Referring to the tariff act under "Importations of rags," section 632, as the matter now stands there is a difference of opinion among appraisers as to whether old satinnet garments, etc., should be dutiable at 10 cents a pound or free as paper stock. Their value is approximately the same as dark rags for roofing-paper use, and for all intents and purposes as rags covered by section 632, but if the assessment of same be entirely at the discretion of the appraiser, and a possible duty of 10 cents per pound be assessed, there is difficulty in getting importers to secure this stock for us.

We would urge that a clause be made applying to this grade of stock, stating that old satinnet garments or rags composed of a mixture of cotton and shoddy suitable only for paper stock, and to be used only to be converted into paper, be admitted free of duty.

In view of the fact that it is necessary to supplement our stock by the purchase of foreign rags, we think this uncertainty as to the

interpretation of the present tariff should be definitely settled, and we trust that you will exert every effort in helping secure the modification above referred to.

Yours, truly,

BARRETT MANUFACTURING COMPANY.
W. A. FORMAN,
Manager Manufacturing Department.

LATROBE, PA., November 18, 1908.

MESSRS. CASTLE, GOTTHEIL & OVERTON,
New York.

GENTLEMEN: We understand you people are going before the Ways and Means Committee on the tariff question. Our views are simply this: In the first place, we do not think there are enough domestic rags gathered in the United States to supply the demand of the paper makers, and therefore it is necessary that we should go abroad for rags.

Now take, for instance, rags bought in the last two years and ten months. We used in 1906 12,513 tons, at an average cost at the mill of \$19.83 per ton; about 13 per cent of this was foreign stock. In 1907 we used 12,988 tons, at a cost of \$22.24 per ton; about 10 per cent of this was foreign stock. And in the last ten months of 1908 we have used 7,956 tons, at an average cost of \$15.15 per ton; about 5 per cent of this was foreign stock.

I think it is perfectly absurd to think of paper makers paying 10 cents per pound for the wool these foreign rags contain, or \$200 per ton. There ought to be some way for the paper makers to get all the rags they want free of duty. When you take it on an average the year around, the stock does not cost them a cent a pound.

Of course the Government must have some means of knowing these rags go into paper, and not into shoddy. Now, any reliable firm will be willing to give a bond that all the foreign rags they buy would be put into paper.

The object of the roofing mills of the country is to sell roofing paper as low as it is possible to manufacture it, in order to shut out competition of other materials for roofing.

We would like this committee to make a strong plea to the Ways and Means Committee that in taking this duty off the woolen rags suitable for making paper does not interfere in any way whatever with the growers of wool in this country; but when woolen rags are sold in this country to shoddy mills, then it does come in competition. Taking the duty off the woolen rags, as far as paper making is concerned, benefits all parties and gives the American people a cheaper roofing.

Yours, respectfully,

PETERS PAPER Co.,
JAMES PETERS, *President.*

YORK, PA., *November 18, 1908.*

MESSRS. CASTLE, GOTTHEIL & OVERTON,
New York, N. Y.
(Attention Mr. Frank C. Overton.)

GENTLEMEN: We have letter from Mr. W. A. Forman, of the Barrett Manufacturing Company, New York, that you expect to send a representative to Washington to meeting of Ways and Means Committee on Saturday, 21st instant, and we hope that you will use your best endeavors with the committee to admit foreign satinets without duty.

As manufacturers of roofing paper, we can use large quantities of this material if admitted without duty, but as the value of this stock is so low we would be unable to use it should any duty whatever be put on its importation.

Yours, very truly,

YORK FELT AND PAPER COMPANY.
By W. D. BALM.

PHILADELPHIA, *November 18, 1908.*

MESSRS. CASTLE, GOTTHEIL & OVERTON,
New York, N. Y.

GENTLEMEN: With reference to the hearing before the Ways and Means Committee on paper stock, would say we are manufacturers of roofing paper and consequently large consumers of foreign rags, approximately 8,000 to 10,000 tons per year. We understand that as the matter now stands, rags coming in under section 632, the question as to whether they are dutiable or not is discretionary with the appraisers, the difference of opinion of the appraisers making the importers very indifferent in regard to bringing the stock out.

We would suggest, in view of the above, that the rags containing a mixture of cotton and shoddy or wool, fit only for paper making, should be put on the free list absolutely.

Yours, very truly,

JOHN LANG PAPER Co.,
E. H. MORRIS, *President.*

NEW YORK, *November 20, 1908.*

FRANK OVERTON, Esq.,
CASTLE, GOTTHEIL & OVERTON,
New York City.

DEAR SIR: It will interest you to know of the following case that we are experiencing with an import of flax waste at the port of Boston. We bought a little while ago a shipment of 15 tons flax waste from Europe, and shipped it to Boston with the intention of selling it to one of our paper mills which offered us 90 cents delivered, with 10 cents freight for this shipment. This mill makes box and leather board papers. Another mill offered us 95 cents for it. The stock costs us £4 per ton, equal to about 90 cents per 100 pounds, and, of course, there would have been no profit in this transaction. Last week we received notice from our custom-house brokers that the value

of the entry of £4 per ton was advanced by the appraiser to £7 per ton, which is above the seizure point, and it was figured out to us that the final sum that we would have to pay, including the fines, would amount to about \$1,200 on a shipment worth \$300. We went to Boston to examine the stock and found that a good many bales contained a better grade of flax waste than our purchase sample and contrary to the stock that we expected to get. A good deal, however, in all the bales was only the lower grade, and the stock in the bales is mixed up in such a way that the expense for separating the various qualities would bring the price of the goods to a very high figure, which would be prohibitive of selling it for the ordinary uses which such flax waste is put to. The quality of the shipment being mixed up, it is only fit for making into paper, but the technicalities of the law say if there is a percentage of higher grade, the duty should be assessed on the higher value, but in a practical way this lot of stock could only be used for paper.

If there would be no 10 per cent duty on flax waste, which is only a necessary by-product of the raw material, and which latter is free of duty under the tariff law, these burdensome matters would be done away with, and as the revenue derived from these importations is a very small sum, and as it is not a protection for any domestic stock nor for the manufacturers, but only a burden on him and the consumer, it would be most desirable for everybody concerned in the trade to have this duty removed, as nobody can profit thereby, but only gain by such removal of the existing duty which is applied in certain cases.

Very truly, yours,

SALOMON BROS. & Co.

PHILADELPHIA, November 19, 1908.

MR. FRANK C. OVERTON,
*Chairman Tariff Committee,
 New York Paper Stock Dealers' Association,
 New York, N. Y.*

DEAR SIR: Replying to the communication of Mr. F. H. Chase, dated November 16, 1908, to President J. I. Lenhart, asking to use the name of our association in relation to the changes in the tariff law affecting the importation of paper stock, bagging, fibers, etc., I beg to say the matter was passed favorably upon at the meeting of our association held this evening, so therefore you are at liberty to use the name of this association.

We are pleased to offer your association our cooperation in this matter.

Yours, truly,

FREDERICK H. MEYER,
Secretary.

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
November 21, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

STATEMENT OF MR. JOHN J. LINDSAY, OF BUFFALO, N. Y.

The CHAIRMAN. Mr. Lindsay, what paragraph does your industry come under?

Mr. LINDSAY. Wall paper, paragraph 402.

The first two lines and a half in that paragraph must have been written in the last century, because the manufacturers have not made that class of paper there mentioned. Our brief has been submitted, and if those two lines and a half are changed so as to read "Paper hangings, wall paper, including borders and ceiling decorations, and all other wall hangings of which paper is a component part;" and the tariff should be made 35 per cent—if that is done the industry can go ahead.

Mr. BONYNGE. You say "of which paper is a component part?"

Mr. LINDSAY. Yes, sir.

Mr. BONYNGE. In manufacturing the paper would you not want to say "of which paper is the chief part," or something of that kind?

Mr. LINDSAY. No; we say "of which paper is a component part." If you will read that paragraph, you will see that it does not define it sufficiently, and that it ought to be changed. We do not want to infringe on the wall hangings of any other material.

In the last five or six years the goods coming into this market have increased about 230 per cent, and in the last year over 30 per cent. And we might have something to say about this German tariff or undervaluation, which the German arrangement allows.

The CHAIRMAN. Mr. Lindsay, suppose the language of paragraph 402 was changed to read in this way: "Paper hangings fully or in chief value of paper, and all paper not combined with other material, and not specially provided for in this act?"

Mr. LINDSAY. Well, that would be satisfactory; yes.

The CHAIRMAN. That has been prepared for the committee with reference to the decisions of the courts, and in order to make the paragraph clear.

Mr. LINDSAY. Mr. Payne, the wallpaper business is a business that beautifies paper, and it becomes an artistic matter. What we want is to protect the printing or the embellishment of that paper.

Mr. DALZELL. Will you please repeat your suggested paragraph?

Mr. LINDSAY. Our suggestion is that it be "Paper hangings, wall-paper, including borders and ceiling decorations, and all wall hangings of which paper is a component part."

The CHAIRMAN. That would not do, because if it had a small part of paper in it, it could come in with a duty of 25 per cent, which would include other things that ought to be paying other duties. The paragraph that I read says, "Fully or in chief value of paper."

Mr. LINDSAY. But, Mr. Chairman, they would put anything in cheaper than paper.

The CHAIRMAN. Yes; that is the very difficulty of your suggestion. If they put in the chief material of which paper is a component part, and which might be a pound, or a hundred pounds, it would let it in for 25 per cent, if it was a wall hanging.

Mr. BONYNGE. Some of the embellishments may be worth more than the paper.

Mr. LINDSAY. The paper is worth very little, and it is the embellishment that we want to protect.

The CHAIRMAN. You may go ahead with your statement. We will furnish you a copy of this amendment, you can look it over, and if you want to make any comments on it later, then return it to us with such comments.

Mr. LINDSAY. The foreign market is interfering with us, and the 25 per cent is not sufficient. That last part of the two lines and a half of paragraph 402 should read 35 per cent instead of 25 per cent.

Mr. Chairman, that is all we have to say. It is an industry that ought to be protected. Our labor is three to four times more than it is in the other markets. Our men get \$25 a week, and they get from \$6 to \$9 over there, according to their ability. The ocean freights are low. Under the German tariff arrangement there is undervaluation. There are two hotels in San Francisco on which floss paper was put, made in Germany. We competed for that order and could not get it. We understand that it came in here under the new German law at 10 per cent duty—not 25 per cent, but 10 per cent—because it was made specially for the American market. And that is the point about it. And it did not pass through any dealer's hands; it went from the manufacturer to those hotels in San Francisco—two leading hotels.

Mr. BONYNGE. You export some paper for paper hanging, do you not?

Mr. LINDSAY. Yes, sir; the goods that came into this country four years ago amounted to about \$200,000. To-day it is nearly \$700,000.

Mr. BONYNGE. Those are the importations?

Mr. LINDSAY. Yes, sir.

Mr. BONYNGE. You also export, do you not?

Mr. LINDSAY. Very little; that is, the concern with which I am connected. The Government records show that there was \$7,000 worth of goods put into Germany, and \$5,500 was sent by our concern over there. The other manufacturers of course put in part.

Mr. BOUTELL. How many manufacturers of wall paper are there in the United States?

Mr. LINDSAY. The 1905 report of the Department of Commerce shows 44.

Mr. BOUTELL. Are they widely scattered through the various States?

Mr. LINDSAY. Yes, sir; but not farther west than Chicago.

Mr. BOUTELL. There are no wall-paper factories west of Chicago?

Mr. LINDSAY. No, sir.

Mr. BOUTELL. What is the value of the domestic output of these 44 factories?

Mr. LINDSAY. Twelve million dollars, and the capital \$12,000,000 also.

Mr. BOUTELL. And the value of the annual output is \$12,000,000?

Mr. LINDSAY. Yes, sir.

Mr. BOUTELL. About what is the value of the imported product for a similar period?

Mr. LINDSAY. About \$700,000.

Mr. BOUTELL. As against \$12,000,000?

Mr. LINDSAY. Yes; but it is on the class of goods on which there is the largest profit; that is, they put it in here, fine goods, undervalued, and that does not permit the American manufacturers sufficient profit, and the tariff should be put up to prevent those goods coming into this market.

Mr. BOUTELL. The method of handling your product is the same by all of the 44 factories—the method of marketing it?

Mr. LINDSAY. Yes, sir.

Mr. BOUTELL. That is, the factories sell to the jobber?

Mr. LINDSAY. Part only. There are several factories who sell direct to the trade.

Mr. BOUTELL. Direct to the retailer?

Mr. LINDSAY. To the dealers in the different cities. There are several factories that way.

Mr. BOUTELL. Of those 44 factories is there an association or combination among any part or all of them for the purpose of dividing territory?

Mr. LINDSAY. No, sir.

Mr. BOUTELL. Or fixing the price?

Mr. LINDSAY. No, sir.

Mr. BOUTELL. The retail dealer or the jobber has the benefit of perfect, free, and full competition?

Mr. LINDSAY. Yes, sir.

Mr. BOUTELL. That is true throughout the entire wall-paper trade?

Mr. LINDSAY. Yes, sir. There was a company in operation up to 1900, and dissolved at that time and went into liquidation. No trust will stand free competition.

Mr. CLARK. How long have you been in this business, Mr. Lindsay?

Mr. LINDSAY. I have been in this business since 1870.

Mr. CLARK. Have you been losing money since 1870?

Mr. LINDSAY. No, sir.

Mr. CLARK. How long have you been losing money?

Mr. LINDSAY. We lost money a great number of years. We lost it very badly for two or three years after our company dissolved. There was not any money made in the business.

Mr. CLARK. That was after the trust dissolved?

Mr. LINDSAY. Yes, sir.

Mr. CLARK. When did that important event happen?

Mr. LINDSAY. In 1900. From 1900 to 1903 20 or 30 factories failed.

Mr. CLARK. Well, from 1903 to 1907 you all made money hand over fist, did you not?

Mr. LINDSAY. No, sir; the Government does not make a statement of that kind.

Mr. CLARK. I am not asking about the Government's statement, but I am asking you for the facts.

Mr. LINDSAY. The facts are that we all made a report—the 44 concerns—in 1905 to your department of—whatever you call it—

Mr. CLARK. Well, I don't know, but what did you state in the report about how much money you made?

Mr. LINDSAY. We made 10 per cent on our \$12,000,000.

Mr. CLARK. That is a very fair profit, is it not?

Mr. LINDSAY. There are concerns represented here that have a half million dollars in business that spend \$50,000 on designs and blocks and rollers.

Mr. CLARK. I am not asking you as to that, but I am asking you if a 10 per cent dividend is not a pleasant and comfortable profit?

Mr. LINDSAY. No, sir; you could not run the wall-paper business on that.

Mr. CLARK. Do you think that the average man in the United States who is engaged in business makes 10 per cent dividend?

Mr. LINDSAY. I rather think they do.

Mr. CLARK. And you want some more?

Mr. LINDSAY. We want more; yes, sir.

Mr. BOUTELL. Don't you think that the proportion of \$700,000 imports to \$12,000,000 of domestic production is a pretty good protection already?

Mr. LINDSAY. I want to say that to come up from \$200,000 to \$700,000 in three or four years shows that this market is being invaded.

Mr. BOUTELL. But 6 per cent is not a very heavy invasion, is it?

Mr. LINDSAY. I understand the proportion; I was prepared for that. It has increased 31 per cent in the last year.

Mr. BOUTELL. I understand those things, too, but it still remains that it is only 6 per cent of the domestic output.

Mr. LINDSAY. But on the class of goods upon which the largest gain is.

Mr. CLARK. You would really like to have a prohibitory tariff, wouldn't you, to be perfectly frank about it? You would like to have a law passed that wall paper should not come into the United States at all, and that is what you are fishing for, isn't it?

Mr. LINDSAY. No, sir.

Mr. CLARK. You want a tariff to do just what that law would do, don't you?

Mr. LINDSAY. We want a better figure than we have now.

Mr. CLARK. You want a prohibitive tariff?

Mr. LINDSAY. Not at all, sir.

Mr. CLARK. Well, now, if the tariff does not prohibit imports, what do you want with it? If the tariff that you are proposing does not act so as to cut out foreign importations, then what do you want with it?

Mr. LINDSAY. We want it so that the class of goods—those of finer grade—we want it so that the American market will recognize the artistic merit of the American designer and artist.

Mr. CLARK. I am not asking that, and that is what you are all trying to get back to. What you really want is a tariff so high that the foreigner can not bring in his goods at all?

Mr. LINDSAY. I think that any good American would put on American wall paper. I think that if I was an architect I would put a clause in the specifications calling for that.

Mr. CLARK. But that does not answer my question.

Mr. LINDSAY. I am a good American citizen.

Mr. CLARK. Well, so am I.

Mr. LINDSAY. And I want this business protected. We can make just as good goods as they can on the other side.

Mr. CLARK. But that is not an answer to my question. You want a prohibitive tariff?

Mr. LINDSAY. No, sir; but we want a higher tariff than we have now.

Mr. CLARK. If this tariff that you are asking for would not shut out those very small importations of 6 per cent, then what do you want it for?

Mr. LINDSAY. We want to stop it from growing; we want to stop it from coming.

Mr. BOUTELL. Isn't it a fact that even if you very largely increase the tariff, that there still would be practically 6 per cent of foreign import, 6 per cent of the total used here, on account of the different designs and different materials, the same as is true in the silk market?

Mr. LINDSAY. Yes.

Mr. BOUTELL. And you hope by increasing the tariff to have less than 6 per cent competition?

Mr. LINDSAY. No; we do not want to, for there is a certain class of people who will buy the English and French automobiles and other expensive things because they are foreign, and we can not shut that out; but we want them to buy and to pay a good price for it.

Mr. BOUTELL. So they will buy the foreign wall paper of silk finish, and manufactured under the various foreign patents, no matter what the tariff is?

Mr. LINDSAY. Yes, sir.

Mr. HILL. Has there been any increase in shipments during the past twelve months ending in October?

Mr. LINDSAY. Yes; we feel the competition greater this year than before, and paper is being distributed as low as 2½ cents per roll.

(Mr. Lindsay filed the following statement with the committee:)

The wall-paper manufacturers, whose signatures are hereto affixed, respectfully ask your consideration of the effect produced upon the wall-paper industry by the rapidly increasing importations of wall papers, due to the low rate of duty applying to same, under the present tariff, according to Schedule M, paragraph 402, law of 1897, wherein the duty is placed at 25 per cent ad valorem, and hope that our arguments will justify you in recommending a material increase in the rate of duty, in order that the manufacturer may be afforded at least some relief from the present discouraging conditions.

It might be well to observe in the first place that the wall-paper industry has never heretofore requested any protection against importations of foreign wall papers, and that the conditions which compel it to do so at the present time are the result mainly of the enormous increased cost of manufacture, caused by the peculiar contracts with labor unions into which the manufacturer has been obliged to enter, and which provide for the continuous employment of the operatives, whether the plant is running or not.

In the face of these discouraging conditions we understand that under the reciprocity agreement with Germany a minimum rate of duty has been placed on importations of wall paper from that country of less than 25 per cent, operating directly in favor of the German manufacturer to the detriment of the American manufacturer, inasmuch as the export from the United States to Germany for the fiscal

year ending June 30, 1907, amounted to only \$7,564, while the importations of wall paper from that country amounted to several hundred thousand dollars.

Another unfavorable condition affecting the industry in this country is due to the fact that many of the raw materials, as far as the manufacture of wall paper is concerned, bear a higher rate of duty than the finished wall paper, of which the said raw material forms the principal item of cost, and as a glaring example of such inconsistencies we refer to the silk floss papers, the duty on the silk floss used in the manufacture of same being 50 per cent, while the duty on the finished wall paper is only 25 per cent.

Again, there are imitation leather papers, in which the main cost is that of the varnish, on which the duty is over 100 per cent, while the duty on the finished wall paper is only 25 per cent. There are, of course, many minor items which figure as raw materials in the manufacture of wall paper on which the duty ranges from 35 per cent upward, while, as already stated, the duty on the wall paper itself is only 25 per cent.

We appreciate the fact that these so-called raw materials, as far as wall paper is concerned, are finished productions in themselves, and that it might work an injustice to other industries in this country to have the duty on such materials reduced, and because of these facts we ask for an increased duty on foreign wall papers.

To demonstrate that the facts are not exaggerated, we submit tabulated returns of the Bureau of Statistics of the Department of Commerce and Labor, Washington, showing that the imports of paper hangings for domestic consumption for the five years ending June 30, 1907, have been as follows:

1903	-----	\$287,154.42
1904	-----	291,114.00
1905	-----	361,929.88
1906	-----	456,898.00
1907	-----	671,904.00

The returns for the year ending June 30, 1908, are not at hand, but would no doubt show a considerable increase over 1907.

The burdens imposed on the manufacturer by labor conditions in this country make it impossible for him to compete with foreign countries in the markets of these countries, as is demonstrated by the fact that for the year ending June 30, 1907, we exported to all of the countries of Europe, including the United Kingdom, but \$46,921 in value of American wall papers, while, as already shown, we imported from these countries during the same period goods to the value of \$671,904, and being unable, because of labor conditions in this country, to compete successfully with the foreign business, we contend that we should at least be given the fullest opportunity of holding the American business for American manufacturers by protection in the way of increased duties.

In addition to the advantages under which the foreign manufacturer is operating, due to a much lower wage scale, is the fact that the word "foreign" has in the minds of most dealers and consumers a significance which is given a money value. In other words, the imported article, even if it is inferior in many respects, will bring a better price than the domestic article, for the simple reason that it is "imported." Accordingly, for the same grade of papers, a price sev-

eral cents per roll less must be given by the American manufacturer in order to meet this competition.

Another point demands attention: Foreign competition is against the better ends of the domestic lines of wall paper, where the margin of profit should reasonably be the best. Assuming that the money value of the total domestic production of wall paper of all grades is \$12,000,000, annually, which is not far from the truth, it is safe to say that not over 25 per cent is of the higher grades.

Local conditions of demand and supply have so reduced the selling price of these cheaper grades, or blanks, that the present margin of profit is reduced almost to a vanishing point. The only possible escape from a net loss in making this grade of papers is by a maximum of production. For the financial balancing of the business, therefore, dependence must be placed on the sale of the higher grades of papers, on which, as has been stated, there should be a fair margin. If foreign competition were restricted, this might be an encouraging possibility. Twenty-five per cent of the value of the annual output of the American factories above referred to is \$3,000,000. This amount then represents the volume of domestic products which is in immediate competition with the, say \$875,000 of imports for the past year. In other words, foreign competitors are selling in this country at the present over 25 per cent as much wall paper of the better and most desirable grades as is placed on our market by all the American manufacturers each year, and, as has been indicated, this is done at the expense of the domestic producer, who finds the reasonable margin of profit of this class of papers, which is absolutely necessary for his prosperity, to a great extent eliminated. Foreign competition, then, strikes the American manufacturer at a point where otherwise he could reasonably hope to make good in a measure for the narrower margins of profit at present realized for the cheaper grades of papers, which, in every instance, make up the bulk of the output of all the factories.

Attention is also directed toward the present regulations in respect to determining whether or not importations of wall paper are undervalued.

A committee of manufacturers offered to act in an advisory capacity to the appraiser at New York, with the view to ascertaining whether goods were entered in the custom-house at less than their actual value at the place of manufacture, but were informed by the appraiser that only importers were eligible to act as his advisers.

Now, we contend that such a regulation is inconsistent, and that wall-paper manufacturers as well should be afforded the fullest possible information in order to correct any evils which may at present exist.

That the wall-paper industry is not in a condition to bear any great strain because of excessive foreign competition is evidenced by the fact that the bankruptcy of wall-paper manufacturers is frequent. During the past eight years the following factories have been discontinued for this reason: Gossler & Wilt, Philadelphia; Wagner, Wagner & Co., Philadelphia; Philadelphia Wall Paper Mills, Philadelphia; Johnstown Wall Paper Mills, Johnstown; Corey-Heller Company, Newark; Essex Wall Paper Mills, Newark; Steubenville Wall Paper Company, Steubenville, Ohio; Western Wall Paper Mills, Superior, Wis.; Conowingo Wall Paper Company, Baltimore;

Hoefer, Meinken & Baeck, Nepera Park, N. Y.; Illinois Wall Paper Company, Chicago; George Halbert, Brooklyn, N. Y.; Ithaca Wall Paper Mills, Ithaca; Lakeside Wall Paper Company, Chicago, Ill.; Middletown Wall Paper Company, Middletown, Mass.; Syracuse Paper and Pulp Company, Syracuse; while other factories, viz, Cresswell & Washburn, Philadelphia; Williamson Wall Paper Company, Long Island City; Tarrytown Wall Paper Mills, Tarrytown, N. Y., have discontinued because of the lack of profit attending their operations; while several other factories of large caliber, such as Allen Higgins Company, Worcester, Mass., and William Campbell Wall Paper Company, Hoboken, N. J., were compelled to reorganize for the same reason.

**STATEMENT OF MR. HENRY BURN, OF NO. 453 FIFTH AVENUE,
NEW YORK CITY.**

Mr. BURN. Gentlemen, I want to make a plea in behalf of the wall-paper manufacturers of the United States for a reasonable protection to that industry.

The wall-paper manufacturers are in fact the most modest of men when it comes to a matter of this kind, as you will admit when I state that never before have they appealed to Congress for a higher tariff than that which was offered them without any solicitation on their part.

The very wording of the tariff is in proof of my assertion, inasmuch as it refers to certain items which have been obsolete in the business for a quarter of a century.

Our full argument is set forth in the brief that we have filed, and I shall therefore simply call attention to a few commanding features.

First. The fact that we pay wages nearly four times as large as those paid by European manufacturers, their skilled labor costing them only \$6 per week, while we pay an average of \$22.50 per week for the same class of help, and it is to be assumed that their unskilled labor is paid in the same proportion. Then, again, we guarantee employment for the entire year, while the European manufacturers employ labor only as they actually require it.

This discrepancy will probably increase, as further demands on the part of the labor unions are in prospect.

Second. While the present tariff calls for a duty of 25 per cent, the reciprocity treaty with Germany provides for reduced duty on wall paper—10 per cent. I believe—notwithstanding that the exports to Germany for the fiscal year ending June 30, 1907, were only \$7,500, while the exports from Germany to this country were in excess of \$300,000.

In other words, we can not see where the reciprocity comes in there.

The CHAIRMAN. I think it is safe to say that this committee will probably do away with the necessity for that treaty with Germany.

Mr. BURN. If so, a part of our appeal will be heeded.

The CHAIRMAN. By a maximum and a minimum tariff.

Mr. BURN. I think that is a good idea.

Third. The entire exports from European manufacturers to this country for the year ending June 30, 1907, were \$671,904, while our exports to those countries were only \$46,921; thus demonstrating that we can not compete with them in their own markets notwithstanding

the strenuous efforts we have made to do so. The exports from European countries have increased from \$287,000, in 1903, to \$671,000, in 1907, over 125 per cent.

While the proportion of the imports, which probably amounted to \$850,000 in 1908, may not seem large at first glance as compared to the total business of our manufacturers, \$12,000,000, it must be remembered that at least 75 per cent of our product is sold at actual or less than cost, and that the competition from the European manufacturers is therefore directed against the remaining \$3,000,000, to which we look for a reasonable margin, and that consequently our importation of \$850,000 against a production of \$3,000,000 materially affects the result, and as the importations are so rapidly increasing the situation will become worse instead of better unless we obtain some relief.

Fourth. On raw materials entering into the manufacture of wall paper the duty is in some cases 50 per cent, while the wall paper of which said raw materials form the main cost is brought in at a duty of 25 per cent.

When I speak of raw materials, I speak of materials which are probably finished products in themselves, but which are raw materials when it comes to the matter of manufacturing wall paper.

Fifth. Manufacturing wall paper requires a capital of \$1 for every dollars' worth of goods manufactured. Thus, on a capital of \$12,000,000 we produce an output of \$12,000,000, making the risk a large one for the returns obtained.

Sixth. Protection against undervaluation.

At the present time the manufacturer has no means of knowing whether the goods are coming in with proper valuation or not. Efforts have been made with the appraiser at New York to get in touch with the situation, but the manufacturers were informed that only importers were eligible as advisers to him. Now, it stands to reason that the importer has his own interest to consider in appraising the imports for the duty, but it would seem to me that something ought to be done whereby the manufacturer should have an opportunity of demonstrating whether those goods come in at a proper valuation or not.

Seventh. It is to be assumed that changes about to be made in the tariff will remain in force for many years, and that therefore, unless we receive additional protection now, the industry is liable to be seriously affected and the capital employed will be imperiled.

Under these circumstances we ask for your careful consideration of our plea, and hope that you can consistently advance the duty on wall paper to 35 per cent or 40 per cent ad valorem.

That is all I have to say on that subject.

The CHAIRMAN. Right there, you made a statement that you complained to the appraiser and that the appraiser advised you that importers were the only people they consulted in regard to valuation.

Mr. BURN. Yes, sir.

The CHAIRMAN. What appraiser told you that? Give the name to this committee.

Mr. BURN. Mr. Wanmaker.

The CHAIRMAN. Mr. Wanmaker told you that; when?

Mr. BURN. Within three months.

The CHAIRMAN. Where?

Mr. BURN. At New York City, in his office.

Mr. CLARK. Why do you not ask for a tariff of 60, 70, or 100 per cent?

Mr. BURN. Well, we are not hoggish.

Mr. CLARK. You are not? You have already 94 per cent of the trade?

Mr. BURN. We have how much?

Mr. CLARK. Ninety-four per cent.

Mr. BURN. Of the 94 per cent, 75 per cent brings in no margin whatever.

Mr. CLARK. Are you losing money?

Mr. BURN. If you refer to the past season; yes.

Mr. CLARK. When did you begin to lose money?

Mr. BURN. About fifteen years back, off and on.

Mr. CLARK. You have been losing money for fifteen years?

Mr. BURN. Off and on.

Mr. CLARK. You made more than you lost, did you not?

Mr. BURN. We certainly did, but not much.

Mr. CLARK. But take it altogether you made an average of 15 or 20 per cent, didn't you?

Mr. BURN. No, sir; absolutely not.

Mr. CLARK. How much did you make?

Mr. BURN. Not 10 per cent. Notwithstanding the statements in the public document to which you refer, I contend that that amount of profit has not been made in the wall-paper business.

Mr. CLARK. The gentleman who preceded you put it at 10 per cent.

Mr. BURN. But he went by the figures that are published, perhaps.

Mr. CLARK. Didn't he know how much his own factory made?

Mr. BURN. I could not answer for that.

Mr. CLARK. What is it you are complaining about in the German rating business?

Mr. BURN. As I understand it, there is a reciprocity arrangement with Germany whereby wall paper is admitted to this country at less than the 25 per cent duty.

Mr. CLARK. Now, really the thing you are complaining about and didn't want to say is that you believe that these importations are undervalued at the place they are sent from?

Mr. BURN. I did not say that. I say it is done legally. I understand that there is a reciprocity agreement with Germany which permits the importations of wall paper into this country at less than 25 per cent duty.

Mr. CLARK. How much are you making in your factory?

Mr. BURN. Making what?

Mr. CLARK. How much per cent are you making in this business?

Mr. BURN. We didn't make a dollar last year.

Mr. CLARK. Well, that is the worst year that has struck the country for ten years, so how much did you make before?

Mr. BURN. I could not say offhand. We did not make 10 per cent.

Mr. CLARK. Then, how can you say offhand that you did not make anything last year?

Mr. BURN. Because that was clearly placed before my mind, and I could not get away from it.

Mr. CLARK. Your memory seems to be bad when it comes to profits, but good as to losses.

Mr. BURN. Possibly.

Mr. CLARK. Why don't you tell us how much you made?

Mr. BURN. I do not think it is fair, in the presence of competitors, to answer that question.

The CHAIRMAN. Of course you are not obliged to answer the question, but you are asking for an increase in duty——

Mr. BURN. I will say that it was not 10 per cent.

The CHAIRMAN. The committee will give your request consideration, and if you do not want to answer the question, of course the committee will consider that.

Mr. CLARK. You say it was not 10 per cent. Was it $9\frac{1}{2}$ per cent?

Mr. BURN. Not $9\frac{1}{2}$ per cent. }

Mr. CLARK. Was it 6 per cent.

Mr. BURN. Possibly but——

Mr. CLARK. The other man makes 10 per cent, and you make 6 per cent.

Mr. BURN. Well, he is a better merchant than I am.

Mr. CLARK. That is just it if both statements are correct.

Mr. UNDERWOOD. You recognize the fact that the Government has got to raise some revenue, and you believe that a portion of that revenue should be raised by tariff taxation, do you not?

Mr. BURN. Yes, sir.

Mr. UNDERWOOD. If we only allowed 6 per cent of the volume of business in this country of which importations may come in, to raise the tax on all commodities, that only 6 per cent could come in, you can realize that there would be very little revenue raised from tariff taxation?

Mr. BURN. Very true.

Mr. UNDERWOOD. And are not the men in your business willing to take a part of the burden of the support of the Government, as well as expecting the other fellows to do it?

Mr. BURN. They always have. There has never, during the existence of the wall-paper industry, been a request from them for the increase of a duty. We did not even ask for the duty that exists to-day. Now, when you speak of 6 per cent, I contend that that is not a fair statement of the case. Seventy-five per cent of the wall paper manufactured in this country is of so cheap a grade that there is practically no margin on it at all. It is like the grocery man selling sugar. He does not make much profit on it, but he may have some very big sales of it.

Mr. UNDERWOOD. That is due to home production.

Mr. BURN. Yes; and we do not charge a tariff for that at all.

Mr. UNDERWOOD. You have a prohibitive market on 75 per cent of your product by reason of the present duties?

Mr. BURN. With unprofitable results.

Mr. UNDERWOOD. If you do not make a profit on it, that is by reason of the competition here at home.

Mr. BURN. We do not charge the tariff on that.

Mr. UNDERWOOD. The Government has given you a prohibitive tariff on 75 per cent. Isn't it reasonable that the wall-paper manufacturers should participate in aiding in the raising of the revenues of the Government to the extent of 5 per cent of their production?

Mr. BURN. It would be if it did not imperil the entire industry.

Mr. HILL. You spoke of the German agreement. Wall paper is not in the articles listed as one of those referred to in the reciprocal arrangement. If there has been any increase of duty due to the arrangement, it must be in the form of the valuation. I want to ask you if you know of any importations since the German agreement was made which caused you to think that there was any undervaluation?

Mr. BURN. Well, I will say to that that we understood the reciprocal arrangement was entered into about the 1st of last July. The figures are not at hand showing the importations since that time, so that we haven't any opportunity to refer to that.

Mr. HILL. Can you supply this committee with samples of any importations of wall paper made prior to the German agreement, and samples of the same paper made subsequent to the German agreement, with the different valuation put upon them?

Mr. BURN. I do not know that we could.

Mr. HILL. If we give you a month to do it in, could you do it?

Mr. BURN. We have no place to refer to. We saw the report published that the reciprocal arrangement between Germany and this country included this paper. It was so published in the newspapers, and that is the only source of information that we have.

Mr. HILL. There is no agreement that can change the tariff rate. The only possible thing would be undervaluation, and it is up to you to show that.

Mr. BURN. In the case cited by the preceding speaker he referred to importations that were made on behalf of large hotels in San Francisco; that on that basis of fact those goods were a specially made exportation for this country, and the duties exacted were equivalent only to 10 per cent.

Mr. HILL. And you do not know of another case excepting that?

Mr. BURN. Not at the present time; no, sir.

Mr. HILL. Any importations made prior to the agreement and subsequent to the agreement, showing a difference in valuation?

Mr. BURN. No; and we only refer to it now with a view to calling your attention to it, and to having the thing removed in the future.

Mr. BONYNGE. Were these importations for the San Francisco hotels made since the German agreement?

Mr. BURN. That was my understanding.

Mr. BOUTELL. Where were they entered?

Mr. BURN. At New York. That is my understanding, but they may have been entered at San Francisco.

Mr. GRIGGS. How long have you been in the business of manufacturing wall paper?

Mr. BURN. I have been in it all my life; ever since 1871.

Mr. GRIGGS. In your own business?

Mr. BURN. During the last twenty-three years it has been my own business; yes, sir. I started at the foot of the ladder and climbed up.

Mr. GRIGGS. You did not begin to make money until you had made enough out of it to buy a business?

Mr. BURN. Oh, I have made some money.

Mr. HILL. Do you know the name of the parties to whom the San Francisco hotel paper was consigned?

Mr. BURN. L. Tozer & Son, San Francisco.

Mr. GRIGGS. You do not claim to be an infant industry?

Mr. BURN. Oh, no; not at all; nor have we had infant care.

Mr. GRIGGS. You feel that you can walk?

Mr. BURN. We feel that we are a little weaker than we used to be.

Mr. GRIGGS. That is, you need a cane in order to walk?

Mr. BURN. Yes, sir.

Mr. GRIGGS. And you want us to furnish the cane?

Mr. BURN. Yes, sir.

Mr. GRIGGS. And a gold-headed one at that?

Mr. BURN. Yes, sir.

STATEMENT OF MR. NELSON CURTIS, OF 2304 WASHINGTON STREET, BOSTON, MASS.

Mr. CURTIS. The lines which affect our industry are in Schedule M, paragraph 398, commencing with the words "Plain basic photographic paper, for albumenizing, sensitizing, or baryta coating, 3 cents per pound and 10 per cent ad valorem." To make it short, we ask that that be amended so as to read as follows: "Plain basic photographic papers, for albumenizing, sensitizing, or baryta coating, 3 cents per pound and 10 per cent ad valorem; albumenized or sensitized paper or paper otherwise surface coated, for photographic purposes, 30 per cent ad valorem."

The CHAIRMAN. How much does that change the duty from the present schedule?

Mr. CURTIS. Ten per cent ad valorem.

The CHAIRMAN. It increases it 10 per cent ad valorem?

Mr. CURTIS. In that particular clause.

The following paper was here filed with the committee:

*To the honorable Committee on Ways and Means,
House of Representatives:*

Respectfully represents your petitioner that the duty on plain basic paper for photographic purposes is now fixed by the Dingley tariff bill in Schedule M, paragraph 398, and reads as follows:

Surface-coated papers not specially provided for in this act, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basic photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, thirty per centum ad valorem.

That the rate of 3 cents per pound and 10 cents ad valorem is not sufficient on plain basic photographic papers to protect your petitioner, the only recognized producer of high-grade plain paper for photographic purposes in the United States.

Wherefore your petitioner prays that said schedule be amended by changing the word "ten" to "twenty" in the thirteenth line of above schedule, paragraph 398, in order to return us to the rate given under the McKinley bill. Your petitioner further requests that the last clause beginning with the words "plain basic," etc., in line 11 of above paragraph 398, be changed so that it will read "plain basic papers for albumenizing, blueprinting and blackprinting, baryta

coating, or other sensitizing, photo-chemical or photo-mechanical processes," so that Schedule M, paragraph 398, will read as follows:

Surface-coated papers not specially provided for in this act, two and one-half cents per pound and fifteen per centum ad valorem; If printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; [plain basic papers for albumenizing, blueprinting and blackprinting, baryta coating, or other sensitizing, photo-chemical or photo-mechanical processes, three cents per pound and twenty per centum ad valorem;] albumenized, baryta-coated, or sensitized paper, or paper otherwise surface coated for photographic purposes, thirty per centum ad valorem.

The reason for asking change of wording is to more properly classify papers which are now being imported, we think, under other classifications.

THE AMERICAN PHOTOGRAPHIC PAPER COMPANY,
By NELSON CURTIS, *Treasurer*.

Office, No. 2304 Washington street, Boston, Mass.

Mr. CURTIS. It might be well for me to explain to you something about the formation of our industry. In 1890 the state chemist of Connecticut, after many years of study and experiment, imparted to me, as a practical paper maker, his theoretical knowledge of making plain paper for photographic emulsions. By photographic emulsions I mean any kind of coating which may be applied to paper and when so applied is acted upon by light. We formed a company called the American Photographic Paper Company and in a small way began the manufacture of plain basic paper for photographic purposes at South Lee, Mass. We were encouraged in our experiments by the protection afforded under the McKinley bill. While there was no classification for such a paper under the McKinley bill, it supposedly came under the 35 per cent ad valorem rate.

We spent five years experimenting, from 1890 to 1895, and in July of the latter year we succeeded in making a marketable paper after having spent many thousand dollars in experiments. While we were in the experimental stage the Wilson bill became a law and reduced the rate from 35 per cent ad valorem to 30 per cent ad valorem. We did not appear in remonstrance to this reduction because we had not perfected our process. We did appear, however, before your committee at the hearing on the Dingley schedule and explained that the then existing classifications did not properly cover our product, and upon our recommendation the classification of plain basic papers, etc., was made. Our principal reason for asking a rate of 3 cents and 20 per cent ad valorem is to restore us to the protection under the McKinley bill and as recommended by the Finance Committee in the Senate at the time of the framing of the Dingley bill, thus enabling us to better compete with foreign manufacturers whose price for labor and material is much less than ours. The price paid for machine tenders in this country is from \$3 to \$4 per day, against 87 cents to \$1 per day in Europe, and ordinary laborers are paid in this country from \$1.50 to \$2, against 50 cents to \$1 per day in Europe. Girls employed in sorting of rags and in the finishing of paper are paid in this country from \$1 to \$1.25 per day, against 50 cents to 60 cents per day in Europe.

Under a secret process known to but three people, and in which process of manufacture all three take active part, the business is still being conducted by us.

We further desire to call your attention to the fact that the paragraph covering our papers might be changed to cover more broadly the papers which are imported for all photographic processes.

Finally, I would like to say that inasmuch as the McKinley bill afforded a rate of 35 per cent ad valorem when no plain paper for photographic processes was produced in this country, it seems to me proper that at least a like rate ought to exist now that such a paper is being successfully produced here.

The CHAIRMAN. What is the production in this country of photographic paper of all kinds?

Mr. CURTIS. The production in this country of the high grade, which we make—

The CHAIRMAN. In dollars?

Mr. CURTIS. I can not give you the low grades, but it is about 100 tons a year of the high grade. The importations are about 2,000,000 pounds.

Mr. CLARK. How much dividend are you making now?

Mr. CURTIS. Our paper costs us 23 cents a pound, and we sell it for 29 cents.

Mr. CLARK. That is, every time you invest 23 cents you make 6 cents. Do you know of any other business in which you can do that, excepting the lumber business [laughter]—that is, put in 23 cents and draw out 29?

Mr. CURTIS. But with a large business it would be different. This is a limited business.

Mr. CLARK. Of course it is. If it wasn't, you would be the richest man on earth. How much dividend do you make upon the money invested?

Mr. CURTIS. Our money? You must remember we have been a long time in bringing this business up to what it is.

Mr. CLARK. Well, let me put it this way: You do not expect Congress to put a tariff rate on your goods that will compensate you for money that you lost when you didn't know how to make the paper, do you?

Mr. CURTIS. I think that if the American manufacturer was willing to support a thing like that, of benefit to the consumer in America, that he should have some benefit.

Mr. CLARK. You are making money out of the business now?

Mr. CURTIS. We are.

Mr. CLARK. How much are you making? That is what we want to find out.

Mr. CURTIS. On the basis of sales of 150,000 to 200,000 pounds, 5 cents a pound.

Mr. CLARK. If you are making 6 cents on every 23 cents invested, you are making 30 per cent profit.

Mr. CURTIS. That should be 5 cents instead of 6 cents; 24 cents to 29 cents.

Mr. CLARK. Still, that leaves it away up yonder at 25 per cent profit, doesn't it?

Mr. CURTIS. The reason I ask for an increase in duty is because the foreigners are putting in so much paper. They can put it in for less than we can make it if they want to.

Mr. CLARK. Is there any stock in your company for sale?

Mr. CURTIS. No, sir.

Mr. CLARK. You do not want to sell it?

Mr. CURTIS. No; it is a close corporation.

Mr. CLARK. I would like to get some of it if you want to sell it.

**STATEMENT OF MR. ARTHUR F. RICE, FLATIRON BUILDING,
NEW YORK CITY.**

Mr. RICE. Mr. Chairman and gentlemen, I would like to speak on the photo-gelatin printing process as affected by the present tariff.

Mr. HILL. Do you know what paragraph of the law that is in?

Mr. RICE. It is hard to say, because we are not, I think, properly classified, if classified at all. On the basis of the duty charged on imported photo-gelatin work, we belong in paragraph 403.

Mr. HILL. What is the particular business you are in?

Mr. RICE. The photo-gelatin printing process, and I will say that I represent practically all of those in that business. We thought it was unnecessary to bring you gentlemen long papers on this subject. I think I represent all these people, practically, and I will give you the names of those I represent, and what I have to say will occupy but a short time. The photo-gelatin printing process was introduced in this country about 1871, and while it has flourished mightily abroad, especially in Germany, it has never secured in this country the place which it is entitled to hold as the best process for the reproduction of art pictures and kindred work, where fine details and graduation of tones are required.

On the 17th of this month the Government Printing Office called for bids on nearly three million photo-gelatin prints as illustrations for an important publication where the above-mentioned qualities are absolutely required. There are not three photo-gelatin plants in the United States capable of turning out this work within the desired time, and the reasons are not far to seek—the low duty on foreign photo-gelatin work and the tremendous difference in the cost of labor and materials between Germany and the United States tell the story.

No photo-gelatin power presses are made in this country, and we have to pay a 45 per cent duty on such a machine.

Mr. HILL. What is the duty on the product?

Mr. RICE. Twenty-five per cent as it comes in now, classified as printed matter. It comes in under the duty of 25 per cent.

Mr. GRIGGS. What do you want to make it?

Mr. RICE. The finished product of a photo-gelatin press in the form of post cards comes in under the customs tariff as printed matter, on which a duty of but 25 per cent is imposed.

Mr. GRIGGS. How much do you want to make the duty?

Mr. RICE. I will arrive at that. I have the briefs here of all the important photo-gelatin men.

The CHAIRMAN. Make your statement as brief as possible. You can be heard further when the chemical schedule is under consideration, if you want more time.

Mr. RICE. The bringing in of the finished product of the process at a duty of 25 per cent is manifestly unfair and a discrimination in

favor of foreign capital and labor. I find no fault with the 45 per cent duty on the press, but I submit that the duty on the finished product should, to say the least, be no less. I speak of post cards because they represent the largest single item of imported gelatin work.

The CHAIRMAN. Have you a written brief there?

Mr. RICE. Yes.

The CHAIRMAN. Then I think you had better submit it to the committee in that form. You should have been here on the first day of the hearings, when this subject-matter came up.

Mr. RICE. But this is the photo-gelatin printing process.

The CHAIRMAN. There are a number of materials used in the printing process.

Mr. GAINES. This is the process, not the materials.

Mr. RICE. Yes; not the materials.

Mr. GAINES. It is the process and not the materials.

Mr. RICE. Yes. I am speaking of the duty on the finished product which comes in here, to our great detriment. I think I am within the truth in stating that two years ago more than 75,000,000 photo-gelatin cards were imported. I have not the data regarding last year. Practically none of this work was done here, although we needed it badly enough. Many of these cards are hand colored, but come in under the same 25 per cent duty, which is a still harder proposition for the manufacturer here, as it involves more cheap labor, not to mention the very prevalent impression that some of these hand-colored cards come in at certain ports of entry under the classification of "lithographs," "chromos," and so forth, at 5 cents per pound, which would bring the duty down to an absurdity on this class of work. There is a large business in these cards in South America, about one-half as much as in this country, but under the present conditions we can get none of it; the same is true of Mexico and Canada. If we can not secure any part of this trade, I submit that we should at least be protected in our own country. The following is a comparative scale of wages, which shows where we find ourselves on the labor problem:

	Germany.	United States.
	<i>Per week.</i>	<i>Per week.</i>
Photographer.....	\$8	\$25
Retoucher.....	5 to 6	15 to 25
Plate maker.....	6 to 8	20 to 30
Printer.....	7 to 9	18 to 25
Feeders.....	1.50 to 2	3 to 6
Other handling and finishing (by women and girls).....	1.50 to 3	2.50 to 6
Hand coloring.....	2 to 4	8 to 12

I assure you, gentlemen, that those are conservative figures. There is no guesswork about them. In connection with the briefs submitted by several of the other gentlemen are sworn statements in respect to the labor cost in Germany, and those can be substantiated here at any time. Certain features of this process call for skilled labor, which it is almost impossible to get in this country, and we are restrained under the law from making contracts for foreign labor. The question is asked why they do not all come here from Germany and why we do not get the skilled labor. If men of the required ability come

here of their own accord, the labor unions immediately get hold of them and settle the wage question for them in a hurry. Any relief, therefore, in the way of cheaper labor is exceedingly remote.

Concerning the principal materials entering into our work, we find ourselves in practically the same position, as the following figures will show:

	Germany.	United States.
	<i>Per pound.</i>	<i>Per pound.</i>
Paper.....	\$0.06	\$0.13
Gelatin.....	.80	.95 to 1.25
Ink.....	.50	.95

Of course, if paper were on the free list, that would be of great help to us. We do not ask that, but do ask that the adequate protection of one industry shall not operate as a disadvantage to us because we are not properly protected. The duty on machinery, gelatin, ink, and paper is, in every case, higher than the duty on photogelatin printed matter, and possibly no further argument should be necessary to demonstrate the fairness of an advance in duty on the latter. As to how much this advance should be, those whom I represent in a measure here differ, as the briefs will show, ranging from a minimum of 45 per cent to a maximum of 100 per cent. The Campbell Art Company, for whom I speak directly, feels that a maximum of 75 per cent and a minimum of 60 per cent ad valorem would be equitable and reasonable in view of the figures just given, which can readily be authenticated concerning the relative cost of labor and material here and abroad. On the basis of such an advance, it is probable that ten presses would soon be running where one is in operation to-day, and that many hundreds of both skilled and unskilled workmen would find steady employment where scores are busy to-day. I submit briefs and letters from the Albertype Company, of Brooklyn; Meriden Gravure Company, of Meriden, Conn.; Campbell Art Company, of Elizabeth, N. J.; The Photogravure and Color Company, of New York; Carey Lithograph Company, of New York; E. Moebius, of Camden, N. J.; Heliotype Company, of Boston, Mass.; and Taber-Prang Art Company, of Springfield, Mass., constituting practically all of the important concerns in this country in this line of work. We buy our materials, manufacture our products, and sell our goods in this country. There is no combination among the people engaged in this line of business, and I can assure you that the competition between ourselves is keen enough to protect the public so far as prices are concerned. What we want and ask for is such measure of protection as will keep our factories running and our people employed.

Mr. HILL. How many of you are there engaged in this printing from gelatin plates?

Mr. RICE. The eight factories I have named, and there are several smaller concerns.

Mr. HILL. What is the total American production, in round figures?

Mr. RICE. That would be a difficult question to answer.

Mr. HILL. A million dollars?

Mr. RICE. Yes, sir.

Mr. HILL. Two million dollars?

Mr. RICE. I hardly think so.

Mr. HILL. Do you know what the importations are? They are not classified separately in the Government reports.

Mr. RICE. I spoke of post cards as the largest item, and if I am correctly informed—and I believe I am—two years ago—I can not tell what it was last year—

Mr. HILL. In dollars and cents, what is it?

Mr. RICE. There were 75,000,000 post cards imported.

Mr. HILL. What did it amount to in dollars and cent?

Mr. RICE. You mean their price or ours?

Mr. HILL. No; the total amount, after they are admitted into this country? What would be, in your judgment, the total importation? They are about \$2 a thousand, we will say, and there were 75,000,000 of them. That would be about \$200,000, would it not?

Mr. RICE. Yes; \$300,000, nearly.

Mr. HILL. Your estimate is that the American production is from a million to two million, and the importation is from \$200,000 to \$300,000?

Mr. RICE. I am speaking of only one item, namely, post cards.

Mr. HILL. Yes.

Mr. RICE. Then, there are other things that come in, art pictures, catalogue covers, and booklets, and the Smithsonian Institute, for instance, is getting some work in Germany to-day. The only place where the American photo gelatin printer has a chance to-day is where the customer must have his work immediately, and where he must have good quality, because you can get as good quality in this country as in Germany; but if a man has to wait sixty or ninety days for his goods, an American manufacturer can sometimes get an order for immediate shipment. But it is not only the post cards. That is the most striking feature of it, but the other things are creeping in and getting their hold because of the difference in the price.

Mr. HILL. Will you look into the matter and let the committee know whether the American production is increasing and the foreign importation falling off, or whether the American production is decreasing and the foreign importation increasing?

Mr. RICE. I can tell you that. I will say at once that the American production is falling off. For instance, we used to make a lot of these post cards. We made them for ourselves to sell and for other people to sell, for jobbers. We quit that business because we had to; we could not continue in the business. In other words, all the photo gelatin post cards made in this country to-day do not amount to anything compared to what they were a few years ago, and they are being pushed right out of the country, so that there is no market in this country. There is only one answer to that question.

Mr. UNDERWOOD. How much ad valorem duty do you have now?

Mr. RICE. Twenty-five per cent. The photo gelatin printed matter—the pictures, because that is what the matter consists of, practically, and there is no printed matter in the actual acceptance of the term—comes in under the head of printed matter on a 25 per cent duty.

Mr. UNDERWOOD. And you want it raised how much?

Mr. RICE. I would like to see it raised to 60 per cent.

Mr. UNDERWOOD. What effect would a duty of 60 per cent have in the trade and on the revenue?

Mr. RICE. It would put us, I think, on about an even keel, so far as purchases are concerned, with the importer, and we do not ask anything else. All we want is just to be put on an even keel. If we can not merchandise our goods and make the quality as good as the foreigner can, that is our lookout.

Mr. UNDERWOOD. Do you think that 60 per cent would exclude the foreign goods?

Mr. RICE. No, sir.

Mr. UNDERWOOD. How much of the American market would your production control?

Mr. RICE. I think we might get back what we have lost, and perhaps divide the business with them.

Mr. UNDERWOOD. You think that it would give you control of 50 per cent of the business?

Mr. RICE. I think so.

Mr. UNDERWOOD. And not more than that?

Mr. RICE. Yes; and I do not know whether we could get that.

Mr. UNDERWOOD. That is all.

**STATEMENT OF MR. DANIEL S. BRASSIL, 41 ELIZABETH STREET,
NEW YORK CITY.**

Mr. BRASSIL. Mr. Chairman, and gentlemen, I wish to inform you that I represent the Employers Bookbinders' Association of New York. It is an organization that consists of nearly all the large binders of the city and many of the small ones, and we come before you to ask that you rectify a few clauses that are, to our minds, now wrong; that is, by amending sections 501, 502, and 503, and either amending section 403 or making a new paragraph.

I also wish to state that I do not conduct an extra bindery. I am what is known as an "edition binder," and I am therefore making this plea for no selfish reasons, but for the protection of a branch of the trade that is fast dying out.

Mr. HILL. What paragraphs do you want amended?

Mr. BRASSIL. Paragraph 501; that is, the free list.

Mr. HILL. Yes.

Mr. BRASSIL. Five hundred and two and 503; and we want to amend section 403 or make a new paragraph. Some few years ago it could honestly be said that the art of bookbinding, extra binding, was growing in this country, and book collectors knew that it was possible to get a book bound as well here as it could be done in Europe, and they were giving orders to the American binder and the American binder was beginning to show progress. A number of the different binders apprenticed boys and they had grown and were acquiring a knowledge of the trade. They also had employed men who came from other countries, notably England and Scotland and Germany, and were getting the benefit of their knowledge in the artistic binding. A few months ago, during the investigation of the copyright bill, Mr. George Hayden Putnam came before the committee on the copyright matter and made the statement that it was necessary for American publishers to send abroad when they wanted fine bindings; that it was practically impossible to get work done as well in this country as it was on the other side. That statement is not literally true, but it is fast becoming so, and it is only a question of time when it will be if the present

tariff measure is allowed to remain as it is now. In the city of New York, taking into calculation all the towns and cities that now comprise the greater city, the population increased from 3,500,000 in 1892 to 4,500,000, estimated, at the present time, and during that same period the art of extra binding has not increased. The actual facts are that of 8 binders who started in business since 1900, all of them have made failures, and two who were in business prior to 1900 have failed, showing that the art is fast dying out. On a visit made a few years ago by one of the binders of New York City to London he visited a bindery conducted by Revere & Son and there he found employed 24 finishers.

The CHAIRMAN. What you want added to paragraph 501 is that books that have been printed and bound more than twenty years can not be rebound abroad and sent back into the United States, is it not?

Mr. BRASSIL. That is one of the things I want.

The CHAIRMAN. That is what you want added to paragraph 501?

Mr. BRASSIL. Yes.

The CHAIRMAN. That they must have been printed and bound more than twenty years at the date of importation when used by public libraries?

Mr. BRASSIL. Not for public libraries at all.

Mr. CLARK. What difference does the age of the book make?

Mr. BRASSIL. What difference does the age make?

Mr. CLARK. Yes; to the man who wants to use the book?

Mr. BRASSIL. We have no objection to a book being brought in here that is twenty years of age, bound. We have no objection to the age of a book.

The CHAIRMAN. It does not make any difference to the man who uses the book, but you do think it makes a difference to the men who want to bind books in this country?

Mr. BRASSIL. We think that a man may bring books into this country fifty or a hundred years old, but if he brings in those books and then sends them over to England or France and has them rebound and brought back here free, depriving the American laborer of the work he should have, that is wrong.

Mr. CLARK. What does a man want to do that for?

Mr. BRASSIL. I was coming to that a little later on in this discussion.

Mr. CLARK. I would like to have you explain that.

Mr. BRASSIL. I will get around to it, if you do not mind, later. I want to tell you, however, that in the city of London, where one of the large binders was doing considerable work for American publishers, this New York binder found that he had 24 finishers at work, working overtime on work that was intended for the American public. It is safe to say that there were not 24 finishers employed at that time by all the extra binders of New York City.

Mr. HILL. Will you not kindly, for my personal benefit, state precisely what changes you want, and then make your argument later?

Mr. BRASSIL. Yes; I will do anything. I will do that gladly. The amendments I propose are as follows:

Section 501, by inserting the words "and bound" after the word "printed" making it read, "which shall have been printed and bound more than twenty years at date of importation."

Mr. HILL. That is all right. Now give me the next one.

MR. CLARK. Now, Mr. Witness, suppose you take a brand new book and rip the binding off of it, and then take a book that is more than twenty years old and rip the binding off, and suppose the man that owned both books wanted the same kind of bindings on them, what difference would it make about the age of the book?

MR. BRASSIL. If those two books are bound in the United States, we have no objection to it; but we do desire that a man should not be allowed to send a book abroad for rebinding and have it come in free, because the sheets, the inside, happened to be 20 years old. The new book, the new sheets that you speak of, would go over and come back and pay 25 per cent duty. Why should not the old?

MR. CLARK. Why should either one of them?

MR. BRASSIL. When Congress passed this law——

MR. CLARK. Why should either one? It is a tax on knowledge and intelligence.

MR. BRASSIL. No, sir; it is not a tax on knowledge and intelligence.

MR. CLARK. Let me ask you one thing; it is just as easy to ask it here as it is when you get further along.

MR. BRASSIL. Yes, sir.

MR. CLARK. All these fine bindings you speak of, extraordinarily fine bindings, are for a lot of fellows that do not care a thing about the inside of the book, but who want them simply for the looks, to put them in their bookcases. A man that really uses books wants simply a substantial binding on them, and what he wants is good muslin or sheep, or something of that sort.

MR. BRASSIL. But why should not that man who wants to put a book on his book shelves and show it to his friends and have them admire it pay for the binding of it in America?

MR. CLARK. He should.

MR. BRASSIL. That is all I want.

MR. CLARK. And there is no reason why he should not be made to pay and read the books, too.

MR. BRASSIL. Yes. If it is not taking too much of the time of the committee, I would like to tell you a little instance that shows what people with money will do.

MR. HILL. Will you not give us the rest of your suggested amendments?

MR. BRASSIL. Yes, sir. I will give you all of them:

Section 501, by inserting the words "and bound," after the word "printed," making it read, "which shall have been printed and bound more than twenty years at date of importation.

Amend section 502 by inserting, after the word "pamphlets," "bound in cloth or paper covers."

Amend section 503 by inserting, after the word "book," "not bound wholly or in part in leather."

Amend section 403 by making a new paragraph to read as follows: "Books bound wholly or in part in leather, not including blank books, fifty per centum ad valorem." And have this paragraph precede section 403.

MR. HILL. Now I understand it.

MR. BRASSIL. Can I go on and tell this little incident for the benefit of our friend, Congressman Clark? A large publisher of New York called me up in my office and asked me what I would charge for cutting 45 books that were bound in leather 2½ inches from the

back. That meant, the books being 12mo., that they were to be cut down right in the center, and the books were bound in hand levant, and they were to be cut through the center like that [indicating]. It broke my heart to do it, and why the woman could not have had dummies made instead of having them cut in that way in order to go into a bookcase I do not know. That shows what people will do when it comes to art binding, when they have the money.

Mr. UNDERWOOD. Do you mean that they wanted you to cut the whole book half in two?

Mr. BRASSIL. I mean that that lady asked me to cut that book in two, 2½ inches from the back. I did it, no matter how much I disliked it. I cut those books down through the center. There were 45 volumes bound by Houghton, Mifflin & Co. They were Holmes and Longfellow.

Mr. UNDERWOOD. Why did they not have the shelves enlarged?

Mr. BRASSIL. I do not know. The shelf was too narrow, I suppose. This woman had some money.

Mr. CLARK. What she needed was an alienist.

Mr. BRASSIL. Yes, or to be put in an asylum, one or the other. Section 501 admits, free of duty, bound or unbound, books that have been printed more than twenty years. I have no doubt, and I believe you gentlemen will bear me out, that when that law was made, by a book printed more than twenty years Congress meant the book printed and bound, realizing that to make a book it was necessary to have the book bound, else it would not be a book. A thing is not a book, bound, unless it has a cover on it. If it is a book unbound, it is specifically mentioned in another paragraph. A book bound, which is also mentioned in the section, meant a book with a cover. Therefore when the court, with all due respect to their decision, decided in 1902 that a book, bound—it did not make any difference whether it had a rebinding or not—was intended to come in free according to the law, we think that was unjust. A book when coming in here twenty years old, including the cover, we have no objection to at all. We do not object to having books come in in that way. We know they do come in in thousands. But we do object to having publishers send over their agents to the other side, and having them collect sets or old copies of books, and sending them to London, or Paris, or some other foreign city to be rebound in extra bindings and then sent to this country. Why do we object to that? As I say, the American workman, and that question has been thrashed out here so often, receives more money than the foreigner. Our American labor scale for a finisher, for instance, calls for \$24 a week. In other branches they get \$18 per week. We pay in this particular branch from \$20 to \$30 per week, and on the other side the men working at the same grade are receiving from \$7.50 to \$12 per week. I believe in making that statement that I have allowed in favor of the foreigner. I believe, because I have been told, not having personal experience in the matter, that a manager in a large bindery in London received \$11.50, and that he was the only one being paid that salary, whereas I am allowing that the foreigner receives \$12, a high-priced man. This makes a difference of little over twice the amount, and as the American is able to do more work than the foreigner, we claim that there is actually twice the difference. A large majority of the books that are bound by the American art binder are bound in imported leathers. For instance, that book there is bound in imported

leather. On that imported leather he is compelled to pay a duty of 20 per cent. The papers that go on the inside of that book he pays a duty on of 12½ cents a pound and 15 per cent, and on some paper 2½ cents a pound and 35 per cent. On manufactured silk that also goes into the manufacture of books of that kind he pays a duty of 50 per cent.

Mr. CLARK. How much?

Mr. BRASSIL. On the manufactured silk, under section 391.

Mr. CLARK. Suppose this committee and Congress should take a notion to cut down all this tariff one-half, would you still want this raise?

Mr. BRASSIL. Yes, sir. That is unkind of me, is it not? You say cut it down one-half?

Mr. CLARK. I was just putting a hypothetical case. I do not think it is going to happen.

Mr. BRASSIL. I think when I finish you will agree with me in what I am going to say. All these items go into the manufacture of an extra bound book. The American is obliged to pay duty on these articles, whereas if a book has been bound by a foreigner on the other side and it comes to this port, it is allowed to enter this country without paying duty. The American workman is being taxed for the material that goes into the manufacture of the book. The book comes to our door, and it is allowed to come in free. We maintain that that is not right; that is not fair to the American workman. We maintain that that is an injustice to the American workman; that on account of his being an American he is being taxed. The foreigner sends the book in free. We request, therefore, that you amend that section to put the American in a position where he can be able to compete with the foreigner, not only by removing the duty that is on this material, because that would not be sufficient, as the wages are double in America what they are on the other side—

Mr. GAINES. A former witness here indicated that it was not a question of price, but said that he could not get the American book-binder to understand what he meant. How about that?

Mr. BRASSIL. I, unfortunately, was not present; but I read Mr. George Hayden Putnam's testimony on the copyright bill, and while his intimation is that it is necessary to send abroad for fine bindings, there is a sample done by a New York binder which you can look at for yourselves.

(Mr. Brassil here exhibited the book referred to to the committee.)

Ordinarily at book sales a few years ago we would find advertised the name of McDonald, or some other binder, as having bound a particular book that was for sale at the book sale that was to take place. I personally have seen books three copies of which cost a thousand dollars each for binding—copies of Evangeline. The copy of 137 volumes of Dickens that was purchased by J. Pierpont Morgan for \$130,000 was bound by an American. So that it is not a question of the American being able to do the work to-day. I say we have some men here who are teachers to-day. But if we continue to allow books to come in free, the workmen are being lost and we are going to continue to lose them. They are seeking employment in other lines. I was talking a short time ago with a representative of the union. He informed me that during the past year the average wage was \$10 per week. I talked with an employer, an exceptional

art binder, and he told me that that man was one of the best men in his line, that he was an honest, competent workman, and he averaged \$10 per week. I also learned that since 1900 one-half of the binders, the men who actually perform the fine work, have been dropped from the union. They have sought employment along other lines. The statement that I have made, that of eight men who started in business since 1900 all of them made failures, shows that. Two men in business prior to that time have made failures. That is additional proof that the art is dying out. Why do we need protection? You charge all these men higher prices, on account of the tariff, for what they use. This country is recognized as a protectionist country, and the present tariff law was promulgated principally for the protection of the American workmen, and why, then, should you put in these clauses prohibiting men from getting employment when you compel them to pay protection prices on the necessities of life? You should not do that. You should not put on the free list sufficient in books alone to amount to \$3,000,000 a year. You tax these men who work, who are going out and trying to support their families, on everything they use. How can they pay these taxes, and still you put on this vast amount on the free list?

Mr. CLARK. If this additional tariff was put on, would the owners of these bookbinderies be willing to give all the tariff to increase the wages of the laborers?

Mr. BRASSIL. You have been asked so often to repeat questions that I do not like to ask you.

Mr. CLARK. If there is an additional tariff levied, would these proprietors of the bookbinderies be willing to give the entire increase of the tariff to the laborers as wages?

Mr. BRASSIL. The increase?

Mr. CLARK. Yes.

Mr. BRASSIL. No.

Mr. CLARK. This tariff you say is for the benefit of the laborer.

Mr. BRASSIL. We are not willing to give the entire increase of the tariff.

Mr. CLARK. If it is a question of wages, why is not the laborer entitled to the entire increase in the tariff?

Mr. BRASSIL. Because to-day, if the binder was to give all the increased tariff to the laborer he would be conducting his business at a loss, the same as he would be to-day if he was binding at the present prices. We must divide. We will give some of the benefit that is derived from the increase in the way of giving wages to the men. A man that is earning \$10 a week, it would put his wages up to \$20. We would give him work so that he could earn \$20 and \$27 instead of \$10.

Mr. CLARK. Why did he only earn \$10 a week?

Mr. BRASSIL. Because he did not have the work to perform. He would earn from \$20 to \$27 if he had the work.

Mr. CLARK. I do not know what your theory is, but your statement is that the reason you want this done is to increase the wages of American laborers. If that is the reason for the increase in the tariff, the laborer ought to get the whole of the tariff and it ought not to go to the proprietor of the establishment at all.

Mr. BRASSIL. You have put that in such a way that it would be misleading if I were to make a statement and answer yes or no; but

in giving an explanation I can answer correctly so that it would not be misunderstood. I will not give all of the increase to the men who work. The increase would enable me to give the men better pay than they are getting to-day, inasmuch as instead of loafing part of their time they would have steady work.

—Mr. CLARK. It would not cost you anything, though, would it?

Mr. BRASSIL. Wait a while, now. I must conduct my business. A portion of that must go to the expense of conducting that business. If I perform a thousand dollars' worth of work it costs me a certain percentage, and if I perform ten thousand dollars' worth of work it costs me practically ten times as much as for one thousand dollars' worth. Therefore a portion would go to the operating of the business and a portion to the wages, and a portion of it would go to the employer.

Mr. FORDNEY. Then you would have your investment in the machinery.

Mr. BRASSIL. There is not much investment in the way of machinery. I fancy that to-day very few art binders have \$5,000 invested in their plants. The principal thing is the tools, the fine hand tools.

Mr. HILL. You are entitled to an increase as much as the man who works for you, are you not?

Mr. BRASSIL. I do not know how that is. If I am conducting a business; yes, sir.

Mr. DALZELL. This purchase you speak of by Mr. Morgan, was the value of that purchase in the binding?

Mr. BRASSIL. No, sir.

Mr. DALZELL. What was it in?

Mr. BRASSIL. The value of that was in the illustrations, the illuminating and the binding. The binding probably cost \$150 per volume.

Mr. DALZELL. Per volume?

Mr. BRASSIL. Yes.

Mr. DALZELL. That was done in the United States?

Mr. BRASSIL. Yes, sir; in New York.

Mr. GAINES. Are these covers, such as this upon this book you have shown us, special designs, or are those designs conventionalized?

Mr. BRASSIL. That is a special design. At the suggestion of Mr. Little I am going to say to you what I was going to say later on. Under section 403 I was going to bring up the question as to why I would want an increase on the duty. There was one man who spent on the elaborating of that binding nine days. He received \$27 per week. That is practically \$40 that was paid for the actual labor on that cover.

As I say, on this book that man spent that much time—nine days—for which he was paid practically \$40. He worked nine days at \$27 per week. If that book were bound on the other side, as it is practically all hand work it is reasonable to assume that the Englishman—assuming it was bound in England—would bind it as quickly as it is bound in America, and as the Englishman receives at the extreme \$12 per week, he would bind it for a little less than \$20. That book was bound for \$50. The foreigner can sell it to an American for \$30. The American is compelled to ask \$40 for it. The difference is \$20. The American publisher gets the foreigner to bind the book at the price of \$30, and not the American at the price of \$50. That

is a practical demonstration showing the actual cost. There you have the time that was actually spent in elaborating that book. You will notice that it is all inlaid. It is really a beautiful piece of work, and it is work of that kind with which we come in competition.

Mr. UNDERWOOD. About your wage scale. Who fixes your wage scale?

Mr. BRASSIL. In the extra binding, unfortunately—and I say unfortunately advisedly, too—we adopt the union scale and pay the union prices.

Mr. UNDERWOOD. Is that a reasonable scale?

Mr. BRASSIL. We pay more than the scale for any number of people employed. We have to pay the minimum price to people who are sometimes not worth the minimum price. In other words, for an artist, for a good man, a binder will not hesitate to pay more than the scale.

Mr. UNDERWOOD. Then, you think the scale is a reasonable scale, considering the cost of living in this country?

Mr. BRASSIL. Yes.

Mr. UNDERWOOD. And if you had enough work for these men to do under that scale, continuous employment, how much would a man make a month?

Mr. BRASSIL. As they would be paid from \$18 to \$30 per week, to multiply it is a simple matter.

Mr. UNDERWOOD. From \$18 to \$30 a week?

Mr. BRASSIL. Yes; \$18 to \$30.

Mr. UNDERWOOD. On the scale; that is according to the class of work they did?

Mr. BRASSIL. Yes, sir.

Mr. UNDERWOOD. If they had full time?

Mr. BRASSIL. If they had full time; yes, sir.

Mr. UNDERWOOD. The English scale is about \$7?

Mr. BRASSIL. \$7.50 to \$12 a week; and I have taken the extreme on that \$12.

Mr. UNDERWOOD. I just wanted to understand about that.

Mr. BRASSIL. Yes. So much in reference to section 501. Section 502 admits books or pamphlets printed in foreign languages free. We have no objection to books coming in here bound in cloth or paper covers. We realize that any number of poor people have immigrated to this country and are making their homes here, and we do not wish to deprive them of books cheaply obtained in their own language, but we do object to having books come in bound in extra bindings, bound in leather. It is the man who sends abroad and who brings in with him a connoisseur and wants something for his library who does that. There has been during the past ten years a growing number of French books imported bound by the foreign binder, and that, we feel, you ought to give us protection against. It is a reasonable request. When we say that we are willing to have the books bound in cloth and paper come in free, you ought to protect us on the leather binding.

Under section 503, libraries, colleges, or any societies established for philosophical, educational, scientific, or literary purposes are allowed to enter two copies of a book in any one invoice free. When Congress passed this law it is safe to assume that they intended that libraries should be allowed to bring in two copies of any book that was published abroad for the purpose of giving general education to

the people who are readers; but they did not intend that the library should be allowed to send to Europe books that needed rebinding, to be rebound, which they are doing to the extent of thousands of volumes every year. They are depriving workmen, from whom they derive their support in the way of taxes, of the means of earning their livelihood, by sending these books abroad. To my mind no public institution should be allowed to send work abroad for binding, depriving the American laborer of a means of earning a livelihood and maintaining himself. Public institutions are maintained by the community in which they exist, and the people of that community should be the ones to derive a support when they have any work to give out.

Mr. CLARK. Are there any libraries that are silly enough to send their books over there to have them bound at those extravagant figures?

Mr. BRASSIL. Not at those extravagant figures.

Mr. CLARK. Public libraries.

Mr. BRASSIL. Public libraries are sending books over to be bound, and because they have the privilege of bringing in two copies in any invoice free, they will send thousands of copies in one shipment, but only two of one title, and in the aggregate it amounts to thousands of volumes, although of a single title they have only two copies.

Mr. CLARK. Now, they do that so that it will save part of the cost of the labor. Do you suppose the Congressional Library is doing that?

Mr. BRASSIL. I do not believe it is. No, sir; I do not believe it is. I believe there is a good little establishment over here where they do some nice work; and they pay good prices, too.

Mr. FORDNEY. I understood you to say that that book cost \$50—that the work on it cost \$50?

Mr. BRASSIL. No, sir; the finishing alone, the elaborating, cost \$40.

Mr. FORDNEY. What would it cost abroad? Have you any idea?

Mr. BRASSIL. Yes, sir; \$20. I have specified that.

Mr. GAINES. Are volumes like that duplicated, or is there only one of those?

Mr. BRASSIL. That is one.

Mr. GAINES. That is—the work on that is put on something else?

Mr. BRASSIL. No, sir. An artist would design that, for instance. The binder may have an individuality about certain things, and you might be able to read his style of binding; and if you were to see one of his books among a dozen others, you would probably be able to pick it out; but there would be no two copies alike.

Mr. FORDNEY. Did I understand you to say that they could send only two books of one kind over?

Mr. BRASSIL. They can send only two copies of one book; but they can send, in the aggregate, thousands of volumes on one shipment.

Mr. FORDNEY. And they keep sending, until after time, those books until they get them all bound?

Mr. BRASSIL. Yes.

Mr. HILL. Do you mean to say that the educational institutions and colleges make a practice of sending their books abroad and having them bound, on the condition that they only bring two of a kind in a large shipment?

Mr. BRASSIL. Yes. I want to tell you this: In New York City to-day there is a binder who has an establishment in Bath, England, and he is getting books from libraries in New England and throughout this country, and shipping those books to England by the load—only two copies of a title in a load—and when he binds them over there he brings them back here, and they are admitted free.

The CHAIRMAN. Are there any further questions?

Mr. HILL. I should say that those three little words that are in the act—"in good faith"—were being violated, and those people were evading the customs.

Mr. BRASSIL. I have called upon the collector of the port of New York, and have called upon the appraisers in New York, and tried to show them where it was wrong, but they said "We are living by the spirit of the law. There is the law, and we can not do anything different."

Mr. CLARK. If we put in books bound in paper, muslin, and leather—plain sheets, for instance—and fix it so there would be no juggling about it—or bound in buckram—on the free list, would that satisfy you?

Mr. BRASSIL. Yes, sir; that is what I said here in my amendment.

Mr. CLARK. I know; but you confined it to those bound in paper.

Mr. BRASSIL. No, sir. My amendment was to insert after the word "pamphlets" the words "bound in cloth or paper covers." That takes in books bound in any style of cloth, buckram, and muslin. Then come pamphlets.

Mr. CLARK. Yes; I understand. Take plain sheet, for instance.

Mr. BRASSIL. Plain sheet? I believe you have a very small portion of books that come in foreign languages bound in plain sheet.

Mr. CLARK. Foreign languages?

Mr. BRASSIL. This is referring to foreign languages.

Mr. CLARK. Do you not think the tariff ought to be taken off of all books?

Mr. BRASSIL. No, sir; I do not.

Mr. CLARK. Except these fancy books, which would be used by a very small class of very rich people who care more for the bindings than the books? I am talking about the books that book lovers and book users want, the kind of books that the average citizen would read—a good copy of Dickens or Scott or Smollett, or any of the rest of them—bound in plain sheet. Using the word "plain." I do not know the technicalities of the bookbinding business, but I know that that would be a combination of words that a revenue collector ought to be able to construe.

Mr. BRASSIL. The words "bound in plain sheet" eliminate so many other different styles that the collector would only be placing them under one specific thing.

Mr. CLARK. What I was trying to get at was to get cheap books for the bulk of the American people.

Mr. BRASSIL. Yes.

Mr. CLARK. That is, I was just making a compromise proposition.

Mr. BRASSIL. We have no objection to your bringing in the books that are bound in that way for the poor people and the working people.

Mr. CLARK. I am a workingman, and I like to have good books myself. I would not spend money on fancy covers, though.

Mr. BRASSIL. Yes; and being a workingman, is not a well-bound cloth book good enough for an ordinary library?

Mr. CLARK. Yes; for certain classes of books. My experience is that the ordinary sized volume is just as good bound in the ordinary cloth binding as it is in leather.

Mr. BRASSIL. Yes.

Mr. CLARK. But if you take a very heavy book, I do not think it is.

Mr. BRASSIL. Bind it in buckram and it will be.

Mr. CLARK. Perhaps buckram may be as good as leather.

Mr. BRASSIL. Yes.

Mr. CLARK. I have noted this. You take these encyclopedias, for instance, and I have noticed always that where they were bound in cloth they were soon shaken out of shape. I do not believe that a book as big as Webster's Dictionary would be worth carrying home, hardly, if it was bound in cloth.

Mr. BRASSIL. The style in cover is on the outside. That did not add one iota of strength to the inside of that book. That was the manner in which the book was bound on the inside of the cover, not the outside at all. If that cloth or leather book had been properly handled, and if the publishers had paid the proper price for it, it would have been bound strong enough so that it would not wobble. The trouble is with the binding on the bedplate.

The CHAIRMAN. That is all.

Mr. BRASSIL. No, sir; that is not all for me.

The CHAIRMAN. Well, it is getting to be laughable.

Mr. BRASSIL. No, sir; it is not laughable for me at all.

The CHAIRMAN. These conversations are becoming laughable.

Mr. BRASSIL. That is not all for me. I have spoken about sections 501, 502, and 503. Now I want to talk on section 403, these books, that are charged for at the rate of 25 per cent ad valorem. We ask that you amend that section by making a new paragraph, making it read "Books bound wholly or in part in leather, not including blank books, fifty per centum ad valorem."

Mr. GRIGGS. What is the duty now?

Mr. BRASSIL. Twenty-five per cent ad valorem. We are giving freedom to all classes of books except the extra-bound book, the book that is bound in leather, wholly or in part. We are not asking for a duty or an increase on blank books or any kind of printed matter that is bound in paper, but when it comes to those bound wholly or in part in leather, we are asking for that, and in behalf of the American workingman and in behalf of an industry that is fast dying out in this country. We feel that on account of the competition which we are having publishers are sending annually thousands and thousands of books abroad to be bound and that has been increasing yearly. They have been sending them to Europe and having them bound over there and brought in here, and they do not give the benefit of the difference in price to the buyer. No; they keep that as additional profits, and they are depriving the American workmen of his means of livelihood. They are compelling men to work half the time instead of all the time.

I have here an illustration. I want to have you gentlemen look at those books [exhibiting two books to the committee]. One of those was bound by an English concern and the other was bound by an American to imitate or match the English-bound book. The

English book was bound for \$1.08. The American was obliged to ask \$1.75. The American's material cost 40 cents and the American's labor cost 80 cents. The material in that averaged 30 per cent duty, which the American had to pay. It consequently put the Englishman's book at a price for material of 30 cents, and his labor being only half of the price of the American's labor, it put it at 40 cents, so that for 70 cents he was able to get his material and his labor on a book on which the American was obliged to pay 40 cents for the material and 80 cents for the labor, or \$1.20. That is practically a difference of 50 cents. The American could bind the book for \$1.75 and the Englishman for \$1.08. Now, are we justified in asking for protection? I maintain we are, on that section, and I sincerely hope, gentlemen, that after this little talk and the demonstration which I have given to you, you will comply with our request.

MR. GRIGGS. Did you mean us to understand that one of these books was bound in America?

MR. BRASSIL. Yes, sir; one of them was bound in America.

MR. GRIGGS. Did they take the name of some European firm?

MR. BRASSIL. No, sir; not at all.

MR. UNDERWOOD. They are English books and you took the cover off of one of them and bound it here?

MR. BRASSIL. Yes, sir.

THE CHAIRMAN. Is there anything else?

MR. BRASSIL. That is all.

STATEMENT OF MR. GEORGE ROGERS, OF BROOKLYN, N. Y.

Mr. Chairman and gentlemen, I might say here that I represent the International Brotherhood of Bookbinders, as a bookbinder. I appear here in behalf of the International Brotherhood of Bookbinders to make objection to three clauses in the tariff. In one clause it says that books over twenty years old shall come in free of duty, in another that all books in foreign languages shall come in free of duty, and in another that all books for educational purposes shall come in free of duty. You see, Mr. Chairman, we have no protection at all in the bookbinding business. These three things cover almost everything. All books over twenty years old come in free, all books in foreign languages come in free, and all books for educational purposes come in free of duty. That is the law as it stands to-day. Mr. Chairman, I will take three or four classes of bindings that come under that clause. I am only talking of bookbinding and how it affects the bookbinders of the United States. Take, first, the extra bindings, as they are called in the term of the trade here, which are good, honest leather bindings. By looking back for probably twenty years we will find that there are not one-sixth of the men employed in that business that there were twenty years ago.

The industry is dying down because our book lovers, our book publishers, and our booksellers send their books to England and France to have them done there, not because they can not have them done in the United States, but because they can have them done there cheaper; and I would like to call the attention of the gentlemen to that. In the first place, leather imported into this country for leather bindings pays the duty of 20 per cent. Papers vary from 25 to 35 per cent; binders' boards 25 per cent. I would like to call your attention

to this point, that we have almost got to have the leather from England. They get almost all the raw material from England, more or less, and from France. There is a class of books sent over and done in what they call art binding and brought into this country by connoisseurs which they claim can not be done here; but, gentlemen, they go up there to an American binder and they ask him, "Here, how much will you take for that?" and when he tells them the price they say, "Oh, I can get that done in London or Paris for half that." There is a speculation attached to this. These rare books are worth money, and the older they get the more valuable they get, which you will readily see.

Six years ago my organization had more than twice the number of members we have to-day. Our membership has fallen away 50 per cent on that class of work, and we find there is more of that work being sold in America to-day than ever there has been, right through from the Atlantic to the Pacific coast. This country is flooded with that class of work; and I question very much if the purchaser of that class of work receives any benefit from it. I am rather afraid that the foreign book seller or publisher puts the price up according to the American price. From the basis of our organization I want to say to you that our minimum wages in New York City are \$18, \$20, and \$24 a week. Those are our minimum wages in New York City. The minimum wages in London, according to the official report, are 35 shillings, and I can not give you the French wages officially, but I put it down at about 30 francs a week, and I am high when I say that. You can readily see that a book that it will take one hundred hours to bind in France or America will cost much less there. It takes one hundred hours in France and it will take one hundred hours here, or it will not take any more time here, and it will probably take less time. But think of the difference in wages.

Mr. UNDERWOOD. Were you born abroad?

Mr. ROGERS. Yes, sir.

Mr. UNDERWOOD. Were you educated in the business abroad?

Mr. ROGERS. Yes, sir.

Mr. UNDERWOOD. What is the difference in the cost of living in London and New York?

Mr. ROGERS. I beg pardon; did you say the cost of living?

Mr. UNDERWOOD. I asked, for men in your profession, what is the difference in the cost of living?

Mr. ROGERS. I have a room here which I could get for one-sixth as much there.

Mr. UNDERWOOD. I am trying to get at the basis of facts.

Mr. ROGERS. It is a long time since I lived there, and I probably could not give you what it is now. Everything is cheaper there than it is here.

Mr. UNDERWOOD. I understand that; but to live with the same degree of comfort that you have in New York, what would it cost you to live in London?

Mr. ROGERS. It takes all I can earn to keep me here, and I suppose it would do the same thing there.

Mr. UNDERWOOD. You mean if you got \$18 a week in London it would not be worth any more there than here?

Mr. ROGERS. Oh, yes; but what I mean is, when I work for \$18 or \$20 in Brooklyn I use it all in living, and if I got 30 shillings in London I would have to use it all.

Mr. UNDERWOOD. Suppose they protected everything here?

Mr. ROGERS. Naturally wages would go up, and they would go up there, too.

Mr. UNDERWOOD. You are not interested in the citrus-fruit growers?

Mr. ROGERS. No, sir. I am interested in books.

Mr. UNDERWOOD. You do not care whether they have any protection or not?

Mr. ROGERS. Oh, yes, I do; I beg your pardon. I do not ask you gentlemen to take the duty off of raw material. I want to allow these people to have some protection, too; but I want you to give me some. I have absolutely none.

Mr. UNDERWOOD. If nobody else had any, would you want any?

Mr. ROGERS. No, sir. If you put me on a free-trade basis, where I can live cheaper, what is the difference to me? If I can live for \$9 a week, I am as well off at \$9 as at \$18. I do not see any difference to me.

Mr. UNDERWOOD. I thought so. I did not know whether you were impressed with that or not.

Mr. ROGERS. But here is the point. We have French and English bookbinders in New York City, the finest trained binders, and they have been a failure. They can not make a success of it right here, because the price has gone down. How can we compete with the French or English people in that work, who do not get half the wages?

Mr. UNDERWOOD. It is not your scale that makes it unprofitable, but it is the fact that you have not continuous work?

Mr. ROGERS. We have not any at all, hardly. It is a dying industry. Our organization has fallen off 50 per cent. You will find them in the cars, in the subway, as insurance agents, and everywhere, men that have been trained as mechanics, and are good ones, who have had to go out of the business because they could not get any work. You go around the city and look for work and you can not get any, and it has all gone abroad. You go down to these stores and see these books bound, and every one of them has a foreign binding on it. I saw lately, Mr. Chairman, a set of manuscript books. The manuscripts were all folio size, bound in London. That work could have been done just as well here, but it would have cost more. We admit that it would have cost more. By and by that work gets so that it is more valuable. Therefore it was a speculation on his part.

Mr. CLARK. About these connoisseurs you are talking about, is not a connoisseur of books a connoisseur of bookbinders?

Mr. ROGERS. Yes; of books and bookbinders.

Mr. CLARK. Those men care more for bindings than for books?

Mr. ROGERS. Yes, sir; some of them.

Mr. CLARK. Did you ever consider this philosophic proposition, that a certain tariff having been put on for the benefit of the laboring man, it all ought to go to the laboring man?

Mr. ROGERS. I do not understand.

Mr. CLARK. I say if a tariff is put on ostensibly for the benefit of the laboring man, ought not the laboring man to get the whole of that tariff?

Mr. ROGERS. Give us the tariff, and we will see.

Mr. CLARK. The question is if the tariff is levied for the benefit of the laborer, why should not the laborer get the tariff, all of it?

Mr. ROGERS. I will only answer you this way, that labor does not always get what it ought to get.

Mr. CLARK. That is what I think, too.

Mr. ROGERS. But if you give us the chance, possibly we will be able to make a little better bargain than we can make just now, if you give us protection.

Mr. CLARK. There are a whole lot of things which have a very high tariff on them, and the laborer does not get any more of that very high tariff than you get on this.

Mr. ROGERS. Probably; but we have none at all. We have nothing at all.

Mr. CLARK. I am trying to help you out.

Mr. ROGERS. Well, all right. We have no tariff, Mr. Chairman, that I can see, on that class of work. There we have the spectacle of booksellers importing bindings. They send all that work to England or France simply because they can get it done cheaper in London and Paris. I want to call your attention to this. Six years ago the Employers' Association of Paris got together and cut rates for America.

Mr. FORDNEY. If that duty was raised, would you expect that the labor would get its fair share of that increase?

Mr. ROGERS. Labor will fight for it.

Mr. FORDNEY. Do you think they would get it?

Mr. ROGERS. They will try awfully hard for it. I do not know whether we will get it.

Mr. CLARK. Do you think you would get it all?

Mr. ROGERS. No; I do not think we would, to be honest.

Mr. CLARK. But your share ought to be the whole thing.

Mr. ROGERS. If you could talk to my employer, you might convince him.

Mr. CLARK. I would like to get hold of all the employers and make that plea to them, and we might settle the tariff question for all time to come.

Mr. ROGERS. It is this way; there are hundreds of thousands of these bound books brought into this country daily and annually that are bound in England. I do not believe that the purchaser of one of those books gets the benefit of the price. I believe that the American bookseller and the American publisher charge on American basis.

Mr. Chairman, there are instances where they employ in one shop almost as many workmen as we have in the city of New York, because they can work one-half cheaper. But I will not detain you on these fine bindings. I would rather go along now to the educational part of it. I believe the gentlemen here to-day have been talking about the libraries. I would like to ask you gentlemen if you would consider every novel that may be published an educational work? In the libraries where I come from, you go in and you will get almost any novel that is published. All books can come in here free for educational purposes. The New York Library and the Brooklyn Library and the Newark Library and the Utica Library, and probably a dozen others, send their books abroad to be bound in England. Why do

they do it? Can it not be done here? I claim, as a man with a little knowledge of the trade—more than thirty years' knowledge of it—that it can be done here as well as it can be done in any foreign country. But to come back to the first principle—cheapness. There is a firm in London binding books for the New York Library to-day that pays an average of \$7.50 a week wages, and that binder gets the bulk of the work. It is sent right over here, shipped over here, brought back in cases from England, and distributed to the various libraries in the country that he works for. We have talked with that gentleman on behalf of the organization, and tried to get him to locate his whole plant in this country, and he said: "Gentlemen, as long as the law stands as it is, I will take the full advantage of it; but when the law is changed, I will change my plant." Give us some protection on that work, and we will make him do the work here, and we will get the work to do.

I do not wish to take up any more of your time, but I would like to make a plea to you to give us something on these three clauses. We do not want it for profit—we want it for living. It means the bread and butter to us and our children—that is all. But if this thing goes on, Mr. Chairman, in a few years this class of binding will be wiped out or destroyed.

(The following additional statement was submitted by Mr. Rogers:)

I beg to call your attention to the extremely inconsistent and contradictory state of the tariff law affecting books and bookbinding.

Books in the English language that have been printed more than twenty years at date of importation, and books printed in languages other than English, are free of duty.

Books in the English language printed within twenty years previous to date of importation are chargeable with duty at rate of 25 per cent ad valorem.

However, such books, even though they are printed in English and within twenty years previous to date of importation, are free of duty if imported for educational purposes.

These three classes of exemptions; first, books in English over 20 years old; second, books in foreign languages; third, books for educational purposes, have opened wide the ports of the United States to floods of foreign bookbinding.

The first two mentioned exemptions bring here probably about 70 to 80 per cent of the product of Paris and London in the way of artistic bookbindings, and have been largely the means of building up the extensive and famous art binding businesses of those two cities, while, as a direct consequence, the United States can not boast of a single art bindery as such.

The third-mentioned exemption allows publishers, booksellers, and dealers to ship from foreign binderies into the United States, frequently and continually, thousands upon thousands of volumes of current literature free of duty, because they are bound for schools, educational institutions, and public libraries of this country.

The American bookbinder could cheerfully take the chances of foreign competition opened against him by the three classes of duty exemptions just referred to were it not for the fact that all of the materials used in the production of books, such as paper, glue, cloth, leather, and gold leaf are subject to a heavy duty, and for the additional fact that the cost of labor for bookbinding, like the cost of

labor for all work in a duty-protected country, is increased by taxes on food, clothing, shelter, and transportation.

Under the present tariff arrangement the bookbinder in the United States must buy his materials and labor at protection prices and sell large and important classes of his product at prices determined by free trade.

Thus, the foreign bookbinder obtains not only the advantage of the three classes of duty exemptions before mentioned; he obtains an additional advantage, practically a bounty from the United States Government in the form of a duty on bookbinding materials used here, which means, in other words, that nearly all foreign-made art bindings, all school and public library books from abroad, though made up of dutiable materials, such as paper, cloth, leather, and gold leaf, are imported duty free, while the American products of the same class are increased in cost by the impost of a burdensome tax on their component materials.

Foreign bookbinding is fostered; home bookbinding is taxed, in some classes, almost to extinction.

Now, having placed before you the serious disabilities which the contradictory state of the tariff imposes upon the bookbinding industry of the United States of America, I wish to ask if you would kindly give your favor and support to a measure purposed to be introduced in Congress which will remedy the evils referred to, and place the bookbinding industry on a commercial basis level with that of the other industries of this country, and also with the bookbinding industries of other countries.

STATEMENT OF MR. GEORGE SULLIVAN, OF PHILADELPHIA, PA.

Mr. Chairman: I have a short brief here which I will not read. I will state that on behalf of the book-paper part of the industry—that is, the book manufacturers of the industry—we do not ask for any increase of the tariff, but we request that the tariff remain as it is, and the various statistics pertaining to that industry you will find in this brief. Of course, the question of wages to our employees is, as in the rest of these industries, the most vital and important part, and we feel the present tariff on book paper of 15 per cent is not an excessive one, but it is certainly a just and fair tariff and should remain as it is for the benefit of our industry. We feel that we should not be picked out or selected as the one industry in the country in which the tariff would be such that it would affect us in any way, but that we should have the same protection as every other industry. Our people are American citizens—that is, as far as we can possibly tell—and the vast number of them are such that they require the same consideration as others. There is a comparative wage scale that you will find in this brief between one of the leading mills on the other side and one of the leading mills on this side, and the value of our production during the last year—that is, the year 1907—amounted to \$48,000,000. As a small illustration of the equity of the duty, I have here a volume which I have figured out, to illustrate just what a small thing it amounts to to the consumer. This book I purchased here this morning in Washington, and the method of figuring out you will find on this fly leaf, which shows

that the duty on the paper in this book amounts to less than half a cent a copy to the consumer.

Mr. GAINES. What is the book?

Mr. SULLIVAN. This is just an ordinary novel, called "The Extreme Test," by Mrs. Reynolds.

Mr. GAINES. What did it cost you to buy it?

Mr. SULLIVAN. It cost \$1.18 at a bookstore here in Washington. Of course the figures here are ample, because we have weighed the cover, including it in the weight, and of course the part that interests us is the part inside.

Mr. RANDELL. I think the question was what it cost to bind it.

Mr. GAINES. No; I asked him what it cost to buy it.

Mr. RANDELL. I thought you said to bind it.

Mr. GAINES. No, to buy it. Did you buy it in Washington?

Mr. SULLIVAN. Yes, sir.

Mr. GAINES. What did it cost, do you remember?

Mr. SULLIVAN. A dollar and eighteen cents.

Mr. GAINES. What is the paper in it?

Mr. SULLIVAN. The paper is an average 4 cent a pound paper, less 3 per cent for 30 days, and the paper in this volume weighs a scant 15 ounces, including the cover, so that fifteen-sixteenths of this makes the cost of this 3.75 cents, or a trifle over 5 mills per copy.

Mr. GAINES. Assuming that the entire duty is added to the cost of the paper, how much would that increase the cost of that volume; how much would that be on the book?

Mr. SULLIVAN. Half a cent for this copy.

Mr. GAINES. Half a cent for a book costing a dollar and eighteen cents?

Mr. SULLIVAN. Yes, sir.

Mr. RANDELL. What did it cost to manufacture that book?

Mr. SULLIVAN. That I can not tell you, sir. I am a paper manufacturer and not a book manufacturer. Of course, you will have to ask some book manufacturer what it cost to manufacture. I am only talking about the paper.

Mr. RANDELL. What sort of binding is it?

Mr. SULLIVAN. Just the ordinary binding that is on novels.

The CHAIRMAN. Do not spend too much time on these exhibits. You can not get them into the record.

Mr. RANDELL. How would you describe that binding?

Mr. SULLIVAN. It is just an ordinary novel binding.

Mr. RANDELL. Is it cloth or leather?

Mr. SULLIVAN. It is a cloth binding. Now, I have two other illustrations here which may possibly interest you. Here is a magazine. This magazine weighs 10 ounces, so that in the twelve months there would be 8½ pounds used in the year's issue. The tariff on that amounts to one-fourth of a cent to the consumer per number.

Mr. UNDERWOOD. Are you talking about the tariff on the book or on the paper?

Mr. SULLIVAN. On the paper.

Mr. UNDERWOOD. You are not talking about the printing or the binding?

Mr. SULLIVAN. No, sir; I am speaking only of the paper that is in the book. Here is another illustration. This is a better magazine, which shows a half a cent a number per year to the consumer; so that,

taking all those facts into consideration, we feel that our duty is not an excessive one.

Mr. CLARK. Now, while you got a very little off of each one, you got a great deal off of the total; is not that true?

Mr. SULLIVAN. Of course that is true; yes, sir. But at the same time we feel that our industry is entitled to the same protection as all other industries.

Mr. CLARK. Some of these industries have a protection of 200 or 300 per cent. Do you want that or not?

Mr. SULLIVAN. No, sir; we ask that it shall remain as it is.

Mr. CLARK. Would you rather have them cut down to yours or have yours raised up to theirs?

The CHAIRMAN. What is it that has a protection of 300 per cent?

Mr. CLARK. I have a list in my desk where for six months there were some of them that had 100 per cent.

Mr. DALZELL. You are coming down now.

Mr. CLARK. No; I can find them where they had 300 per cent.

Mr. GRIGGS. You represent the paper makers?

Mr. SULLIVAN. The paper part.

Mr. GRIGGS. The book-paper manufacturers?

Mr. SULLIVAN. Yes, sir.

Mr. GRIGGS. And you insist that you need this tariff which at present exists, and you do not want it increased or decreased.

Mr. SULLIVAN. No, sir; we respectfully ask that it remain as it is.

Mr. GRIGGS. Have you not had any combination among yourselves?

Mr. SULLIVAN. No, sir.

Mr. GRIGGS. Did you not meet about a year ago, or some time ago, at Atlantic City and elsewhere, and raise the price of all this paper about \$10 a ton?

Mr. SULLIVAN. No, sir; we had no combination whatever.

Mr. GRIGGS. It went up \$10 a ton, did it not?

Mr. SULLIVAN. No; I do not think it did.

Mr. GRIGGS. What was it, \$9?

Mr. SULLIVAN. That depends on the grade. Of course the book papers you can buy as low as—

Mr. GRIGGS. I refer to the average.

Mr. SULLIVAN. The highest I can recall as far as our own price was concerned, I think the highest we got, was an increase of about \$7.50 a ton.

Mr. GRIGGS. Is that the highest you got?

Mr. SULLIVAN. That is the highest.

Mr. GRIGGS. The highest increase you got?

Mr. SULLIVAN. Yes.

Mr. GRIGGS. Not the highest you made?

Mr. SULLIVAN. No, sir; because we make paper from 3½ cents a pound up to 6.

Mr. GRIGGS. I just wanted to understand where you got it. You said the highest increase you got was \$7.50 a ton. Where did you get that?

Mr. SULLIVAN. Where?

Mr. GRIGGS. Yes; you said you got it somewhere. Where did you get it?

Mr. SULLIVAN. How do you mean, where did we get it?

Mr. GRIGGS. I asked you where this increase came from and you said there was no combination and no understanding and no agreement, and when I asked you what was the highest, you began to speculate on it in your mind, and you said the highest you got was \$7.50.

Mr. SULLIVAN. Yes, sir.

Mr. GRIGGS. Out of the deal?

Mr. SULLIVAN. No, sir; no deal. We have no affiliation with any other concern.

Mr. GRIGGS. You have no general agreement?

Mr. SULLIVAN. No, sir.

Mr. GRIGGS. Did you all go up at the same time?

Mr. SULLIVAN. No, sir; we did not.

Mr. GRIGGS. How long did you wait after the others went up?

Mr. SULLIVAN. We were up before they were, or some of them.

Mr. GRIGGS. You went up first?

Mr. SULLIVAN. Yes, sir.

Mr. GRIGGS. The others followed you up?

Mr. SULLIVAN. I do not know whether they followed us or not. We increased the cost of our paper as the demand increased, and as the cost of the raw materials increased. We had to do it or quit business.

Mr. GRIGGS. And they all were in the same fix.

Mr. SULLIVAN. Yes, sir; I guess they were.

Mr. GRIGGS. And all understood it at the same time?

Mr. SULLIVAN. Yes; I can not say whether they understood it.

Mr. GRIGGS. And all went up. Now, did you not really have a meeting in Atlantic City?

Mr. SULLIVAN. Yes, sir; we had a meeting at Atlantic City, but it was rather a jollification at Atlantic City.

Mr. GRIGGS. That was after you got the price raised?

Mr. SULLIVAN. No, sir.

Mr. GRIGGS. Why the jollification?

Mr. SULLIVAN. There seems to have been a good deal of stress laid on the meeting at Atlantic City, and it is rather amusing from the fact that there was really nothing but a social time in Atlantic City.

Mr. GRIGGS. What is that?

Mr. SULLIVAN. So far as I know, there was nothing but a social time in Atlantic City, although there seems to be a great deal of stress laid upon the meeting at Atlantic City.

Mr. GRIGGS. It was a meeting of the manufacturers of book paper at Atlantic City, was it not?

Mr. SULLIVAN. Yes.

Mr. GRIGGS. And they all with one accord, with no social ties, simply met in Atlantic City to have a jollification and a good time; is that true?

Mr. SULLIVAN. Yes.

Mr. GRIGGS. They simply wanted to get acquainted?

Mr. SULLIVAN. Yes, sir; that is right. They ought to have gotten acquainted. We did not know each other for a long time.

Mr. GRIGGS. How long was it after that jollification meeting before the price of paper went up?

Mr. SULLIVAN. That I could not tell you—as there was not any general rise in the price of paper.

Mr. GRIGGS. I understand. Your raise, I am talking about now.

Mr. SULLIVAN. That I could not tell you, whether it was before or after that. We raised from month to month as the cost of our material increased or we were in a position to do so. We had so much business we were in a position to ask for an increase.

Mr. GRIGGS. You represent really all of the book-paper manufacturers, do you not?

Mr. SULLIVAN. Only in presenting this brief.

Mr. GRIGGS. Well, I understand; I mean here. You represent all of them, and you really do not know when the price went up among the others.

Mr. SULLIVAN. I can not tell you positively now.

Mr. GRIGGS. But it went up soon after the jollification meeting you had in Atlantic City?

Mr. SULLIVAN. At the present time I can not tell you whether it was raised before or after that.

Mr. GRIGGS. Well, you want to amend your testimony on that part, then, because you said just now that paper did not go up until after that meeting.

Mr. SULLIVAN. No; I did not. I was speaking about ourselves. I said I could not tell you whether ours went up before or after. We were raising from month to month.

Mr. GRIGGS. But you said your price went up, and that it went up before the meeting at Atlantic City.

Mr. SULLIVAN. Yes.

Mr. GRIGGS. You did not intend to say that?

Mr. SULLIVAN. Yes, sir; it went up before; but I think it went up possibly four or five months afterwards.

Mr. BONYNGE. You did not make all the increase at one time?

Mr. SULLIVAN. No, sir; we did not. Our prices were raised 15 cents at a time.

Mr. FORDNEY. You ought to be entitled to a jollification once a year when some men have a jollification every day, ought you not?

Mr. SULLIVAN. That is true. We do not have many of them in our industry.

Mr. GAINES. What is the difference between news paper and book paper?

Mr. SULLIVAN. Most of the difference between news paper and book paper is that one uses ground wood and the other uses soda pulp.

Mr. GAINES. Which do you use?

Mr. SULLIVAN. Soda pulp.

Mr. GAINES. Is that what you call sulphite?

Mr. SULLIVAN. No, sir; both grades of paper use sulphite, both news and book paper. Soda pulp is the soda process. Sulphite is the sulphite process.

Mr. BOUTELL. You represent the manufacturers of book paper?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. And not the jobbers?

Mr. SULLIVAN. Not the jobbers.

Mr. BOUTELL. How many manufacturers are there of this book paper?

Mr. SULLIVAN. There are 46.

Mr. BOUTELL. Where are they located, geographically?

Mr. SULLIVAN. They are located all over the country, from Maine to Wisconsin. There is a list of them in this brief.

Mr. BOUTELL. Are there any of them west of the Mississippi?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. How far west do they go?

Mr. SULLIVAN. There is one out at Everett, Wash.

Mr. BOUTELL. So they extend clear across the continent?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. To whom do they sell, to the jobbers or the publishers direct?

Mr. SULLIVAN. Each one of these concerns has a different method of doing business. Some sell to the jobbers and do not sell to the consumers direct, and some mills sell to the consumers direct.

Mr. BOUTELL. There are only two classes of purchasers, either jobbers or consumers?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. Has there been any identity of interest to any extent of any two or more of these 46 mills?

Mr. SULLIVAN. No, sir; not to my knowledge.

Mr. BOUTELL. Are these 46 mills all operated by corporations?

Mr. SULLIVAN. No, sir. There are some here that are not corporations.

Mr. BOUTELL. Some are individuals and some firms and some incorporated companies?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. And there is no community of ownership between any two of them?

Mr. SULLIVAN. No, sir.

Mr. BOUTELL. Has there ever been any agreement between any two of more of these manufacturers of book paper, or a combination of territory?

Mr. SULLIVAN. Not to my knowledge.

Mr. BOUTELL. Or an agreement as to prices?

Mr. SULLIVAN. Not to my knowledge.

Mr. BOUTELL. To the jobber or to the publisher?

Mr. SULLIVAN. No, sir.

Mr. BOUTELL. What was the total output of these 46 factories for any one year. Take any one year you choose.

Mr. SULLIVAN. This brief says, upon that point: "Unfortunately, statistics covering the production of book paper and similar grades for the current calendar year are unavailable, the year of 1908 being still incomplete and having some fifty-odd working days (the months of November and December) still to hear from. But estimating the production for the year 1908 of all mills engaged in manufacturing book paper and similar grades at about 90 per cent of the normal productive capacity, we would have an estimated average daily production of about 2,100 tons."

Mr. BOUTELL. Two thousand one hundred tons per day would be the average?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. For any year?

Mr. SULLIVAN. Yes, sir. Of course in 1905, according to the Bureau of the Census—that was before we took any statistics ourselves—the paper manufactured was 434,500 tons, which is equal to a

daily average of 1,448 tons, which is calculated on 300 actual working days to the year. That was in 1905.

Mr. BOUTELL. What is that total output?

Mr. SULLIVAN. Four hundred and thirty-four thousand five hundred tons.

Mr. BOUTELL. What was the import of the product during that same period?

Mr. SULLIVAN. That I can not tell you. I have not that. I will have to get that for you and let you have it if you wish.

Mr. BOUTELL. I do not know if there is any one factor more important and essential, when you are asking for a variation in the tariff, than the proportion between the domestic product and the imported product.

Mr. SULLIVAN. We are not asking for any variation.

The CHAIRMAN. I asked the Director of the Census some time ago to give us a complete statement under the various schedules of the amounts of the domestic products and the amount of the imports for the year 1905, following each other, covering all the schedules. That will go to the printer to-morrow morning and get here in a few days. I say that to show you where you can ultimately get this information. This gentleman does not seem to have it.

Mr. BOUTELL. Yes; but when we ultimately get that we will not have the gentleman here. I wanted to ask you a question, Mr. Sullivan, based on the comparison of the two.

Mr. SULLIVAN. I have not that.

Mr. BOUTELL. Of course you realize that the amount of the imported product shows the amount of competition there is with the domestic product. That is what I was trying to arrive at.

Mr. SULLIVAN. We did not know that you would ask that question, because we were not asking for an increase in duty.

Mr. BOUTELL. But you must have considered that we might contemplate a reduction in the duty.

Mr. SULLIVAN. Yes. Of course, in the discussion of such a thing as that, we ask that you make a reduction also in all the products we use in our manufacture, so as to enable us to exist. As you will see by this schedule, everything that goes into our product has a duty on it, which, of course, should be reduced in proportion. It does not make any difference so long as we have our duty of 15 per cent, but if the committee proposes to reduce our protection, we ask that they reduce also the duty on the things we have to use. It is absolutely impossible for us to exist unless you also make a reduction in proportion in the things that we use.

Mr. CLARK. How much do you export?

Mr. SULLIVAN. We export very little, and most of that goes from the other side of the continent to Japan.

Mr. CLARK. How long have you been in this business?

Mr. SULLIVAN. Twenty-five years.

Mr. CLARK. Have you ever had any connection with the paper trust?

Mr. SULLIVAN. Never heard of it.

Mr. CLARK. You never heard of the paper trust?

Mr. SULLIVAN. No, sir; except in the newspapers.

Mr. CLARK. You did not read President Roosevelt's message, then, did you?

Mr. SULLIVAN. Yes; I read that, too. I am a member of the American Pulp and Paper Association, but that is no paper trust.

Mr. CLARK. No; that is a pulp trust.

Mr. SULLIVAN. That is a social organization that up to the present time has done nothing but have one annual dinner every year.

Mr. CLARK. You do not talk any business at that dinner?

Mr. SULLIVAN. No, sir; we generally have some right good Congressman to come there and deliver a speech. [Laughter.]

Mr. CLARK. You get Congressmen to go?

Mr. SULLIVAN. Yes, sir; we do.

Mr. CLARK. Is there any connection between this book-paper business and the news-paper business?

Mr. SULLIVAN. No, sir.

Mr. CLARK. You do not make the same sort of paper?

Mr. SULLIVAN. No, sir.

Mr. GAINES. The so-called trust is the International Paper Company, is it not?

Mr. SULLIVAN. Indeed I do not know just what you call a trust. The International Paper Company is an organization, so far as my knowledge goes, that only makes about 40 per cent of the production of news paper.

Mr. GAINES. In the first place, have you any connection with the International Paper Company?

Mr. SULLIVAN. None whatever; no, sir.

Mr. GAINES. What proportion of the product that it deals in or manufactures is made by the International Paper Company, do you know?

Mr. SULLIVAN. They have their representatives here, and those gentlemen will be able to give you the accurate information. What I have is only hearsay.

Mr. GAINES. Very well, we will get it from them.

(Following is the brief submitted by Mr. Sullivan:)

BOOK PAPERS AND SIMILAR GRADES.

Production.

From the figures given by the Bureau of Census in Bulletin 80 of the Department of Commerce and Labor, which are assumed to be correct, it would appear that the production of book papers in the year 1900 amounted to 282,093 tons. This was equivalent to an average daily production of 940 tons calculated on the basis of 300 actual working days to the year.

In 1905, according to the same authority, the amount of book papers manufactured was 434,500 tons, which is equal to an average daily product of 1,448 tons when calculated on the same daily basis as above, viz, 300 working days to the year. This increase in 1905 in the production of book papers is particularly impressive, representing, as it does, an increase of 504 tons per day, or an enlargement from a daily average of 940 tons in the year 1900 to a daily average of 1,448 tons in the year 1905. Hence the percentage of increase during this five-year period (from 1900 to 1905) is equal to about 54 per cent in the production of book papers alone.

The present estimated average daily productive capacity of all the mills in the United States engaged in the manufacture of book papers and similar grade is calculated to be about 2,328½ tons, or, say, approximately 2,330 tons. Attached hereto is a detailed statement containing the names and post-office addresses of all companies producing the grades of paper in question, each representing a distinct, separate, and independent enterprise, and from which it will be observed that there are at present 46 concerns engaged therein.

Names and post-office addresses of companies engaged in the manufacture of book paper and similar grades.

Company.	Post-office address.	Average daily product.
		<i>Tons.</i>
American Writing Paper Company.....	Holyoke, Mass.....	69
Amoskeag Paper Mills Company.....	Manchester, N. H.....	10
Antietam Paper Company.....	Hagerstown, Md.....	4
Arlington Paper Company.....	Salisbury Mills, N. Y.....	16
Bardeen Paper Company.....	Ot-sego, Mich.....	24
Bare Paper Company.....	Roaring Spring, Pa.....	27
Bergstrom Paper Company.....	Neenah, Wis.....	18½
Bryant Paper Company.....	Kalamazoo, Mich.....	100
Bulkley, Dunton & Co.....	Bancroft, Mass.....	6
Champion Coated Paper Company.....	Hamilton, Ohio.....	180
Claremont Paper Company.....	Claremont, N. H.....	15
Crocker, Burbank & Co.....	Fitchburg, Mass.....	120
Curtis & Bro.....	Newark, Del.....	13
Dill & Collins.....	Philadelphia, Pa.....	38
Elkhart Paper Mills Company.....	Elkhart, Ind.....	15
Everett Pulp and Paper Company.....	Everett, Wash.....	25
Fitchburg Paper Company.....	Fitchburg, Mass.....	40
French Paper Company.....	Niles, Mich.....	25½
Friend Paper Company.....	West Carrollton, Ohio.....	70
Frank Gilbert Paper Company.....	Waterford, N. Y.....	13
Glatfelter Co., P. H.....	Spring Forge, Pa.....	50
Hamilton & Sons, W. C.....	William Penn Post-Office, Pa.....	34
Hammermill Paper Company.....	Erie, Pa.....	50
Jessup & Moore Paper Co.....	Philadelphia, Pa.....	53½
Kalamazoo Paper Co.....	Kalamazoo, Mich.....	20
Kenmore Pulp and Paper Co.....	Philadelphia, Pa.....	35
Kimberly-Clark Co.....	Neenah, Wis.....	185
King Paper Co.....	Kalamazoo, Mich.....	29
Mead Pulp and Paper Co.....	Chillicothe, Ohio.....	25
Merrimac Paper Co.....	Lawrence, Mass.....	24
Michigan Paper Co.....	Plainwell, Mich.....	20
Monadnock Paper Mills.....	Bennington, N. H.....	27½
Monarch Paper Co.....	Kalamazoo, Mich.....	21
Nashua River Paper Co.....	East Pepperell, Mass.....	60
New York and Pennsylvania Co.....	41 Park Row, New York.....	87
Nixon Paper Co.....	Manayunk, Philadelphia, Pa.....	30
Oxford Paper Co.....	Rumford Falls, Me.....	120
Patten Paper Co.....	Appleton, Wis.....	17
Poland Paper Co.....	Mechanic Falls, Me.....	81
Reading Paper Mills.....	Philadelphia, Pa.....	12
Ticonderoga Pulp and Paper Co.....	41 Park Row, New York.....	49
Tilston & Hollingsworth Co.....	Boston, Mass.....	35
Wanaque River Paper Co.....	Wanaque, N. J.....	19
Warren & Co., S. D.....	Boston, Mass.....	145
West Virginia Pulp and Paper Co.....	309 Broadway, New York.....	328½
Wheelwright Paper Co.....	Boston, Mass.....	42
Total average daily production.....		2,328½

Unfortunately, statistics covering the production of book paper and similar grades for the current calendar year are unavailable, the year 1908 being still incomplete and having some fifty-odd working days (the months of November and December) still to hear from. But estimating the production for the year 1908 of all mills engaged in manufacturing book paper and similar grades at about 90 per cent of the normal productive capacity we would have an estimated av-

erage daily production of about 2,100 tons, this being an increase of 652 tons per day over and above the production for the year 1905, such increase amounting to about 45 per cent.

While the increase of 54 per cent in the production of 1905 over the year 1900 seems marvelous, the increase in the production for the shorter period (from 1905 to 1908), a growth estimated at about 45 per cent, is none the less striking.

Comparisons of the average daily production of book papers for the year 1900 and the estimated average daily production for the year 1908 show that the increase and growth in production amounted to approximately 123.4 per cent within the period constituting the last eight years.

The marvelous growth and progress manifested in this one particular branch of the paper-making industry during the eight-year period indicated proves, if anything can, that its wonderful development became possible by virtue of the benign influences of our protective tariff, from the effects of which it has materially benefited.

The great increase in production of book papers and similar grades is largely attributable to the protective-tariff system. It is mainly responsible for the erection of all the new book-paper mills which have been constructed during the past eight years, likewise for additions and enlargements to older plants for the purpose of increasing their capacities, thus providing abundant opportunity for employment to the American wage-earner at a wage scale considerably higher than obtains in any other country.

A brief résumé of the rates of wages paid to employees in paper mills of this country, as compared with the rates of wages paid in paper mills of other countries, will undoubtedly interest your committee, and data of this character is hereto appended, together with the present tariff duties in force and covering the various materials and supplies used in the operation and conduct of paper and pulp mills in the United States.

Scotch mill as compared with Mechanicsville mills.

[Average of various companies in Scotland—Pay per two weeks (12 days).]

	Scotch mill.	Mechanicsville mill.
Beater men	\$20.00	\$46.08
First assistant	12.50	22.20
Second assistant	8.75	22.20
Machine men	24.00	56.16
First assistant	12.75	30.24
Second assistant	8.50	27.36
Grass boiler man	17.50	28.80
Assistant	10.00	21.00
Cutter men	18.75	40.20
Assistant	7.50	19.20
Cutter boys	4.00	15.00
Head machinist	30.00	45.00
Good journeymen	15.00	36.00
Apprentices	6.00	34.20
Head firemen	17.50	42.00
First assistant	11.25	28.80
Head finisher	20.00	49.20
Finishing girls	8.00	15.00
Tyers up	10.00	.....
Outside labor	9.00	18.00
Supercalender man	17.50	29.04
Helper	8.00	21.00
Steam engineers	20.00	38.00

Rates of wages paid per day of twelve hours in the United States as compared with other countries.

Department.	Occupation.	United States.	Austria.	Germany.	Sweden.	Norway.	England.
Wood room.....	Sawyer.....	\$3.00	\$0.75	\$0.87	\$0.90	\$0.95	.....
	Barker.....	2.68	.75	.87	.90	.95	.....
	Splitter.....	2.68	.75	.87	.90	.95	.....
	Chipper.....	2.68	.75	.87	.....	.....	.....
Digesters.....	Head cook.....	4.50	1.25	1.50	1.40	1.50	.....
	Cook.....	3.66	.90	1.00	1.00	1.00	.....
	Cook helper.....	3.00	.70	.75	.70	.80	.....
Beaters.....	Beater man.....	2.85	.80	.90	.80	.90	\$1.20
Paper machines...	Machine tender.....	4.30	1.50	1.80	1.50	1.60	2.75
	Second hand.....	2.15	1.00	1.20	1.10	1.20	1.60
	Third hand.....	1.65	1.00	1.20	1.10	1.00	1.25
	Fourth hand.....	1.65	.80	.87	.80	.80	1.06
Repairs.....	Head millwright.....	4.66	1.10	1.25	1.20	1.20	2.00
	Millwright.....	3.60	.90	1.00	1.00	1.00	1.10
	Millwright helper.....	2.40	.....	.75	.75	.80	.90
	Carpenters.....	2.35	.90	1.00	.90	.90	1.25
	Mason.....	6.00	.90	1.00	.90	.90	1.25
	Painter.....	2.00	.90	.87	.90	.80	1.10
	Electrician.....	4.00	1.00	1.25	1.10	1.00	1.25
	Laborers.....	2.20	.60	.75	.75	.70	.90
	Teamsters.....	2.20	.60	.87	.85	.80	1.00

Scale of wages paid at Duncan mills, Mechanicsville, N. Y., 1893-1908.

[Wages shown for 1893 are those paid in the month of May, which was prior to a general reduction of 10 per cent. Said reduction remained in effect until after May, 1898.]

PAPER MILL.

	1893.	1898.	1903.	1908.	Percentage of increase between lowest and present rates.
Foreman, night.....	\$4.00	\$3.75	\$4.00	\$8.24	120
Foreman, finishing room.....	3.00	2.70	3.75	4.19	55
Finishers.....	2.00	1.80	2.20	2.40	33½
Foreman, cutter room.....	1.75	1.80	2.60	3.65	108
Assistant foreman, cutter room.....	.....	1.50	1.85	2.00	38½
Crane men, cutter room.....	.....	.....	.....	2.00	.....
Helpers, cutter room.....	1.50	1.35	1.40	1.60	18
Broke men.....	.....	1.25	1.30	1.50	20
Cutter girls.....	1.00	.90	1.10	1.25	40
Foreman, calender room.....	.....	2.00	2.40	4.44	122
Assistant foreman, calender room.....	.....	.....	.....	2.75	.....
Men (66 calenders).....	.....	.....	2.15	2.30	7
Men (52 calenders).....	.....	.....	2.15	2.25	4
Men (44 calenders).....	1.75	1.57	2.15	2.20	40
Helpers, calenders.....	1.50	1.35	1.68	1.75	30
Rewinder runners.....	.....	.....	2.15	1.75	— 28
Rewinder helpers.....	.....	.....	1.68	1.60	— 6
Foreman, 1 and 2 machine room.....	.....	.....	.....	7.16	.....
Foreman, 3 and 4 machine room.....	.....	4.00	5.00	7.16	79
Foreman, 5 and 6 machine room.....	.....	.....	.....	7.16	.....
Machine tenders.....	3.00	3.38	3.80	4.75	58
Back tenders and oilers.....	1.50	1.69	1.92	2.38	58
Wipers (days only).....	.....	.....	1.40	1.60	14
Beater engineers.....	2.50	2.93	3.05	4.00	60
Beater helpers.....	1.50	1.35	1.75	1.85	37
Beater wipers.....	.....	.....	1.40	1.60	14
Foreman, clay room.....	.....	.....	.....	2.00	.....
Helpers, clay room.....	.....	.....	1.75	1.85	5
Broke mixing machine.....	.....	.....	.....	1.75	.....
Engineers on steam engines.....	.....	2.00	2.66	2.75	87½
Motormen.....	.....	.....	1.90	2.00	5
Taking care of pumps.....	.....	.....	1.40	2.00	43
Belt repairer (whole mill).....	1.50	1.35	1.60	2.00	48
Belt repairer's helper (whole mill).....	.....	.....	1.60	1.85	16
Filter men.....	1.50	1.35	1.72	1.85	37
Watchman.....	1.50	1.85	1.60	1.75	30
Laborers.....	1.25	1.12	1.40	1.60	43
Mechanics.....	2.50	2.25	2.60	3.00	88½
Mechanics' helpers.....	1.50	1.35	1.50	1.75	30

Scale of wages paid at Duncan mills, Mechanicville, N. Y., 1893-1908—Cont'd.

SULPHITE MILL.

	1893.	1898.	1903.	1908.	Percentage of increase between lowest and present rates.
Foreman, day.....	\$3.00	\$3.84	\$4.83	\$5.25	75
Foreman, night.....		3.00	3.50	3.85	28
Wet machine tenders.....		1.35	1.63	1.85	37
Screening machine tenders.....		1.25	1.40	1.65	32
Bleachers.....	1.75	1.57	1.85	2.10	34
Bleacher helpers.....	1.25	1.25	1.63		30
Bleach mixers.....			1.80	1.80	
Bleach mixer helpers.....		1.24	1.40		13
Digester cooks.....	2.50	2.75	2.85	2.90	16
First digester cook helpers.....	1.50	1.50	1.60	1.85	23
Second digester cook helpers.....		1.35	1.45	1.70	26
Acid makers.....	2.00	2.00	2.10	2.75	37½
Acid maker helpers.....	1.37	1.35	1.45	1.75	30
Screen men.....	1.25	1.35	1.69	1.75	40
Screen men helpers.....		1.25	1.63	1.65	32
Blow pitmen.....	1.25	1.25	1.63	1.65	32
Foreman wood room.....	1.50	1.70	1.85	2.25	50
Helpers, wood room.....	1.25	1.12	1.40	1.65	47
Lead burner.....	3.50	3.15	3.75	4.00	27
Lead-burner helper.....		1.25	1.40	1.75	40
Mechanics.....	2.50	2.25	2.60	3.00	33½
Mechanic helpers.....		1.35	1.40	1.75	30
Watchman.....	1.50	1.35	1.60	1.75	30
Laborers.....	1.25	1.12	1.40	1.65	47

SODA MILL.

Foreman, day.....	\$4.80	\$4.33	\$5.00	\$6.40	48
Assistant foreman, day.....	2.00	2.25	2.35	4.06	108
Foreman, night.....	1.87	2.00	2.25	2.40	28
Machine tenders.....	2.25	2.02	2.35	2.75	36
First machine back tenders.....	1.75	1.45	1.60	1.65	14
Second machine back tenders.....		1.25	1.45	1.60	28
Bleachers.....	1.75	1.57	2.16	2.10	34
Bleacher helpers.....	1.25	1.12	1.63		45
Screen men.....	1.37	1.24	1.63	1.65	33
Foreman, wood room.....	1.37	1.12	1.85	2.25	100
Helpers, wood room.....	1.25	1.12	1.45	1.65	47
Foreman, pit room.....	1.50	1.35	2.04	2.00	48
Helpers, pit room.....	1.25	1.12	1.40	1.65	47
Digester cooks.....	2.50	2.25	2.62	2.75	22
First helpers.....	1.37	1.24	1.69	1.70	37
Second helpers.....	1.37	1.24	1.45	1.65	33
Foreman, liquor room.....	2.00	1.80	2.10	2.33	29
Helpers, liquor room.....	1.37	1.24	1.63	1.65	83
Foreman, leach liquor makers.....	1.50	1.35	1.87	2.10	66
First helpers, leach liquor makers.....	1.50	1.35	1.63	1.85	37
Second helpers, leach liquor makers.....	1.25	1.12	1.40	1.70	52
Foreman, rotaries.....	2.00	1.80	2.10	2.30	30
Helpers, rotaries.....	1.75	1.57	1.85	2.05	22
Do.....	1.50	1.35	1.60	1.65	43
Evaporator men.....	1.75	1.57	2.16	2.25	47
Men unloading lime and soda ash.....	1.25	1.12	1.40	1.65	
Men handling soda pulp.....				1.65	
Mechanics.....	2.50	2.25	2.60	3.00	33½
Mechanics' helpers.....	1.60	1.35	1.40	1.75	30
Watchman.....	1.50	1.35	1.60	1.75	30
Laborers.....	1.25	1.12	1.40	1.60	43

BOILER HOUSE.

Foreman.....	\$2.40	\$2.50	\$3.25	\$3.50	46
Water tender.....		1.75	2.16	2.40	37
Fireman.....	1.50	1.35	2.00	2.40	80
Coal and ash handlers.....	1.25	1.12	1.65	1.75	56

Scale of wages paid at Duncan mills, Mechanicsville, N. Y., 1893-1908—Cont'd.

MACHINE SHOP.

	1893.	1898.	1903.	1908.	Percentage of increase between lowest and present rates.
Foreman of mechanics.....	\$5.00	\$5.00	\$6.00	\$7.84	57
Shop foreman.....	3.00	2.50	2.75	3.75	50
Mechanics and millwrights.....	2.50	2.25	2.50	3.00	33
Do.....			2.55	2.60	10
Do.....			2.25	2.85	7
Do.....			2.10	2.25	7
Mechanics' helpers.....	1.50	1.35	1.50	1.70	28
Foreman of pipers.....			2.50	3.75	50
Pipers.....	2.25	2.02	2.25	3.00	48
Do.....	2.25	2.02	2.25	2.50	24
Do.....	1.50	1.35	1.45	2.00	48
Blacksmiths.....	2.75	2.47	2.85	3.50	42
Blacksmiths' helpers.....	1.25	1.25	1.50		20
Masons.....	3.00	2.25	3.75	4.50	100
Do.....			3.50	4.25	21
Masons' helpers.....	1.50	1.35	1.55	1.75	30
Storeroom.....	1.25	1.50	1.70	2.33	86
Storeroom helper.....		1.35	1.60	1.75	30
Painters.....				2.00	
Painters' helpers.....				1.70	
Foreman electrician.....			6.00	8.42	40
Electrician.....		1.80	2.29	3.08	71
Do.....		1.80	2.00	2.50	39
Do.....			2.00	2.00	
Labor.....	1.25	1.12	1.40	1.60	43

YARD.

Foreman.....	\$2.25	\$2.25	\$2.75	\$8.92	74
Assistant foreman.....	1.37	1.75	1.75	2.10	58
Do.....	1.87	1.85	1.65	1.75	30
Teamsters.....	1.25	1.25	1.50	1.75	40
Barn man.....	1.25	1.25	1.50	1.60	28
Wood handlers.....	1.25	1.12	1.40	1.60	43
Yard helpers.....	1.25	1.25	1.45	1.65	32
Men on clay platform.....	1.25	1.12	1.45	1.75	56

Comparative wages of Tyrone (Pa.) mill.

	1893.	1898.	1903.	Wages.	Average daily bonus for year 1907.	Total daily wage and bonus.
Night foreman paper mill.....	\$3.50	\$3.50	\$3.75	\$4.00	\$0.49	\$4.49
Finishers:						
Boas and shipper.....	* 100.00	3.00	3.25	3.25		
Assistant shipper, etc.....				3.00		
Checker, etc.....				2.00		
Trimmers.....	1.75	1.75	1.90	2.15		
Do.....				2.05		
Do.....				1.90		
Finishers.....	1.50	1.60	1.75	2.00		
Counters, girls.....	.75	.90	1.00	1.10		
Do.....	1.00	1.00				
Do.....	1.10	1.10	1.10	1.20		
Oases and frames:						
Frame maker.....	(b)	(b)	(b)	1.65		
Do.....	(b)	(b)	(b)	1.90		
Outters:						
Outter girl, machine, first year.....	.65	.65	.75	.85		
Outter girl, machine, second year.....	.75	.75	.85	.95		

* Per month. b During 1893, 1898, and 1903 frames were made by contract.

Comparative wages of Tyrone (Pa.) mill—Continued.

	1893.	1898.	1903.	1906.		
				Wages.	Average daily bonus for year 1907.	Total daily wage and bonus.
Outters—Continued.						
Outter girl, roll.....	.75	.75	1.00	1.10		
Do.....	.90	.90				
Outter boss.....	2.25	2.00	2.10	3.00	.32	3.32
Outter boss assistant.....				1.90		
Outter boss helper.....	1.25	1.25	1.45	1.65		
Super calendars:						
Runner.....	1.75	1.60	1.65	1.80		
Helper.....	1.25	1.25	1.40	1.65		
Do.....	1.50	1.50				
Machine room:						
Machine tender.....	3.00	3.00	3.25	3.50	.32	3.82
Do.....	2.75	2.75	3.00	3.25	.32	3.57
Back tender.....	1.35	1.35	1.50	1.90	.16	2.06
Back tender helper.....	1.25	1.25	1.35	1.50		
Winder boys.....			.85	1.10		
Beater room:						
Boss beater man.....	1.75 2.00 2.25 2.75	2.75	3.00	3.25	.32	3.57
Helper.....	1.30	1.35	1.50	1.65	.16	1.81
Clay mixer.....		1.50	1.60	1.90		2.06
Slize, etc.....	1.35	1.50	1.60	1.65		
Engineers and firemen:						
Chief engineer.....	*\$100.00	*\$100.00	*\$125.00	*\$135.00	*\$8.00	*\$143.00
Engineers.....	1.75	1.75	2.00	2.20		
Firemen.....	1.60 1.70 1.75	1.75	2.00 2.20 2.45	2.20 2.20 2.45		
Ash wheelers, etc.....	1.35	1.25	1.45	1.65		
Mechanical department:						
Boss.....	3.25	*\$110.00	*\$125.00	*\$135.00	*\$8.00	*\$143.00
Mechanics.....	1.50	1.50	1.60	1.75		
Do.....	1.75	1.75	1.90			
Do.....	1.85		2.00	2.20		
Do.....	2.00	2.00	2.20	2.40		
Do.....	2.25	2.25	2.50	2.70		
Do.....	2.50	2.50	2.75	2.95		
Oilers.....		1.75	1.60	1.80		
			1.90	2.05		
Outside labor:						
Boss.....	1.75	1.75	2.00	2.50		
Common.....	1.35	1.25 1.35 1.35	1.45	1.65		
Paper loader.....	1.35	1.35 1.50 1.50	1.45 1.60 1.75	1.50 1.70 1.90		
Night watchman.....	1.35	1.50	1.75	1.90		
Teamsters.....	1.35	1.35	1.50	1.75		
Do.....	1.50	1.50	1.60	1.90		
Do.....	1.75	1.75	1.90	2.05		
Bleach and wet machines:						
Bleach mixers.....			1.60	1.90		
Wet machines and screens.....	1.35	1.35	1.45	1.75		
Bleachers, etc.....	1.75	1.75	2.20	2.35		
Bleachers' helpers.....	1.60	1.60	1.75	1.90		
Digesters, dumping and alkali:						
Digesters.....	1.70	1.70	1.85	2.15		
Digesters' helpers.....	1.50	1.50	1.60	1.75		
Pan room.....	1.60	1.60	1.75	1.90		
Pan-room helpers.....	1.35	1.35	1.45	1.65		
Alkali.....	1.70	1.70	1.85	2.00	.12	2.12
Alkali helper.....		1.50	1.60	1.75	.06	1.81
Evaporators, rotaries, and leachers:						
Assistant to pulp superintendent.....			1.75	2.25	.12	2.37
Evaporators.....	1.60	1.60	1.75	2.00		
Rotary.....	1.75	1.75	1.85	2.15		
Rotary helper.....			1.50	1.75		
Leacher.....	1.70	1.70	1.85	2.00		
Leacher helper.....	1.50					
Chipper:						
Chipper.....	1.50	1.50	1.60	1.75		
Helper.....	1.35	1.35	1.50	1.65		

* Per month.

Comparison of wages paid at pulp mill at Luke, Md.

	May, 1901.	January, 1891.	May, 1899.	May, 1904.	May, 1907.
Common laborer.....	\$1.25	\$1.15	\$1.20	\$1.35	\$1.45
Tour workers.....	1.333	1.20	1.80	1.40	1.50
Machine room foreman (J. Ryan).....	3.00	2.70	3.00	4.00	5.75
Cookers.....	2.50	2.25	2.25	2.35	3.45
Boss pipe fitter.....	2.25	2.25	2.25	3.10	4.51
Chief millwright.....	2.50	2.25	2.375	3.10	4.45
Assistants to millwrights.....	2.00	2.00	2.00	\$2.25-2.50	\$2.25-2.50
Chief engineer.....	3.50	3.65	3.40	3.95	5.51
Engineers.....	1.75	1.75	1.75	2.00	2.10
Firemen.....	1.50	\$1.40-1.50	\$1.40-1.60	1.50-1.70	2.00-2.25

Employees working regularly for more than one year now receive 5 per cent bonus, except foremen. This additional 5 per cent has not been figured in the above statement.—West Virginia Pulp and Paper Company.

Comparison of daily wages paid at paper mills at Luke, Md.

	May, 1893.	May, 1899.	May, 1904.	May, 1907.
Boss finisher.....	\$2.50	\$2.666	\$3.55	\$3.65
Finishing-room girls.....	.75	.75	.80	.95
Calendar-room boss (T. Gormley).....	2.50	2.75	3.45	3.45
Cutter girls.....	.75	.666	.70	.80
Machine tenders.....	3.00	2.75	4.15	4.75
Beater men.....	2.50	2.50	3.10	3.54
Back tenders.....	1.50	1.60	1.99	2.30
Outside labor.....	1.25	1.25	1.35	1.45
Boss millwright.....	2.50	2.50	2.90	3.10
Boss machinist.....	2.50	2.50	2.90	3.10
Helpers on calendars.....	* 1.15	1.25	1.40	1.50

* Mostly.

Machine tenders, beater men, and back tenders are now paid double time for working on Saturday nights, and due allowance has been made for this (as well as for bonuses) in the figures for May, 1907. Wages at present time are same as May, 1907.—West Virginia Pulp and Paper Company.

Have not considered the 5 per cent bonus paid employees who remain one year or longer in the May, 1907, column.

Comparison of wages paid at pulp mill at Davis, W. Va.

	July, 1898.	July, 1903.	September, 1907.
Chief engineer.....per month.....	\$75.00	\$90.00	\$185.60
Assistant superintendent (H. Male).....do.....	* 2.00	80.00	175.60
Machine-room foreman (Martin).....per day.....		2.25	4.98
Machine tenders.....do.....	1.75	2.00	2.57
Chip-house foreman (Shoemaker).....do.....	1.60	2.00	3.52
Cooker (digester house).....do.....	2.00	2.00	3.52
Acid maker.....do.....	2.00	2.25	2.34
Firemen.....do.....	1.60	1.75	^b 2.00
Coal wheelers.....do.....	1.333	\$1.40-1.50	None.
Common labor.....do.....	1.15	1.35-1.40	\$1.35-1.50
Wood peelers.....per cord.....	.85	1.00	1.10

* Per day.

^b Gas.

West Virginia Pulp and Paper Company.

Comparative labor figures—Paper mill (per day).

	June, 1900.	April, 1908.	April, 1908.
Finishers.....	\$1.78	\$1.78	\$3.17
Counters (girls).....	.50	.76	.50
Outters (men).....	1.51	1.98	2.31
Outters (girls).....	.50	.67	.50
Cases and frames.....	1.38	1.35	1.06
Boat machine tender.....	4.25	9.11	\$6.89-7.25
Machine tender.....	3.00	3.73	4.21-4.51
Back tenders.....	1.50	1.79	2.24-2.41
Third hands and reels.....	1.14	1.26	1.48
Beatermen.....	2.62	3.73	4.24-4.44
Helpers on beaters.....	1.34	1.40	1.74
Outside labor.....	1.25	1.36	1.53
Mechanics.....	2.50	2.67	2.66
Supers (runners).....	*1.75	1.76	2.25
Supers (helpers).....	*1.25	1.25	1.36
Common labor.....	1.25	1.25	1.46
All kinds.....	1.33	1.53	1.85
Office, including chemist.....	2.61	4.81	3.91

• July.

West Virginia Pulp and Paper Company, Covington, Va.

Comparative labor figures—Sulphite mill (per day).

	June, 1900.	April, 1903.	April, 1908.
Foreman (drainer room to machine room).....	\$3.34	\$5.00	\$6.26
Foreman (night, drainer room to machine room).....	2.75		
Machine tender.....	2.75	2.61	3.78
Back tender.....	1.50	1.50	1.88
Wet machines.....		1.40	1.75
Loaders.....	1.37	1.42	1.69
Reel men.....	1.33	1.25	1.75
Bleachers.....	1.67	1.50	1.91
Beach mixers.....	1.40	1.50	1.60
Screens, blow pits, and drainers.....	1.30	1.24	1.54
Foreman (digesters and acid room).....	2.88	3.01	4.98-5.82
Cookers.....	2.00	2.04	2.30
Acid men.....	2.00	1.87	2.30
Helpers (acid room and digesters).....	1.32	1.29	1.61
Mechanics.....	2.01	1.98	2.12
Foreman (chip house and yard).....	2.69	2.69	4.03-4.45
Chip house.....	1.27	1.47	1.59
Engineers and firemen.....	1.58	1.09	1.06
Outside labor.....	1.33	1.38	1.45
Common labor.....	1.25	1.25	1.40
All kinds.....	1.48	1.59	1.82

See paper mill figures for office. West Virginia Pulp and Paper Company, Covington, Va.

Mechanics in sulphite mill, April, 1908.—Two, at \$3.20; one, at \$2.75; two, at \$2.50; one, at \$2.45; one, at \$2.40; one, at \$2.38; four, at \$2.25; two, at \$2.20; two, at \$2.15; one, at \$2.10; three, at \$2; two, at \$1.75; two, at \$1.60; one, at \$1.50; fourteen, at \$1.40; one, at \$1.35; two, at \$1.25.

*Scale of wages at New York and Pennsylvania Company's Johnsonburg mill
from 1898 to 1908.*

Names.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.	1908.	Per cent.
Oilers.....	\$1.25	\$1.25	\$1.40 1.35	\$1.50 1.40	\$1.50 1.40	\$1.50 1.40	\$1.50 1.40	\$1.50 1.40	\$1.50 1.40	\$1.50 1.40	\$1.60 1.80	28 40
Repair crew:												
Blacksmith.....	2.50	2.50	2.25	2.25	2.25	2.50	2.50	{2.75 2.50	2.75 2.50	2.75 2.50	2.75 2.75	{10
Helper.....	1.20	1.50	1.50	1.75	1.50	1.40	1.60	1.60	1.60	1.60	1.75	48
Head carpenter.....	2.25	2.00	2.25	2.50	2.50	2.50	2.75	3.00	3.00	3.00	3.50	55
Carpenters.....	1.75	1.75	2.00	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50	43
Helpers.....	1.50	1.50	1.50	1.40	1.40	1.40	1.60	1.60	1.60	1.60	1.60	7
Masons.....	2.75	2.75	{4.00 2.75	4.00 2.75	{3.25 2.75	4.00	4.00	4.00	4.00	4.00	4.00	45
Helpers.....	1.20	1.20	1.35	1.40	1.40	1.40	1.50	1.50	1.60	1.60	{2.50 1.60	{33

*Scale of wages at New York and Pennsylvania Company's Johnsonburg mill
from 1898 to 1908—Continued.*

Names.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.	1908.	Per cent.
Repair crew—Continued.												
Machinists.....	\$2.50	\$2.50	\$2.50	\$2.75	\$2.75	\$2.75	\$3.00	\$3.00	\$3.00	\$3.00	\$3.50	20
Do.....	2.25	2.25	2.25	2.25	2.50	2.50	2.75	2.75	2.75	2.75	3.00	22
Do.....	2.00	2.00	2.00	2.00	2.00	2.25	2.25	2.25	2.25	2.25	2.50	25
Helpers.....	1.20	1.20	1.35	1.50	1.60	1.60	1.75	1.75	1.75	1.75	1.75	45
Millwright.....	2.50	2.50	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75	2.75	10
Boiler maker.....	2.50	2.50	2.50	2.75	2.75	3.00	3.00	3.00	3.00	3.00	3.00	10
Helpers.....	1.50	1.50	1.50	1.40	1.60	1.60	1.75	1.75	1.75	1.75	1.75	16
Pipe fitters, headman.....	2.00	2.00	1.75	2.00	2.75	3.00	3.00	3.00	3.00	3.00	3.00	50
Do.....	1.50	1.50	1.75	1.90	1.90	2.00	2.00	2.25	2.25	2.25	2.50	66
Pipe fitters, helpers.....	1.20	1.20	1.35	1.40	1.75	1.75	1.75	2.00	2.00	2.00	2.00	46
Painters.....	1.75	1.75	1.90	2.00	2.00	2.25	2.50	2.50	2.50	2.50	2.50	43
Do.....	1.20	1.20	1.35	1.60	1.60	1.60	1.75	1.75	1.75	1.75	1.75	46
Rotaries.....	1.50	1.50	1.65	1.80	1.80	2.00	2.00	2.20	2.20	2.20	2.35	56
Do.....	1.20	1.20	1.45	1.50	1.50	1.50	1.50	1.50	1.50	1.75	1.85	54
Rotaries.....	1.35	1.35	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.50	1.60	18
Rewinders.....	1.25	1.25	1.50	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.75	40
Size maker.....	1.50	1.75	1.75	1.85	1.85	2.00	2.00	2.00	2.00	2.00	2.00	33
Sample folder.....	1.75	1.75	1.15	1.30	1.30	1.40	1.40	1.40	1.40	1.40	1.40	86
Shippers.....	1.75	1.75	1.75	1.85	2.00	2.10	2.10	2.10	2.30	2.30	2.50	43
Evaporator men.....	1.75	1.75	1.75	1.85	2.00	2.10	2.10	2.10	2.30	2.30	2.50	43
Acid:												37.08
Headman.....	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	80
Helper.....	1.50	1.50	1.50	2.00	2.00	2.25	2.25	2.25	2.50	2.50	2.75	23
Do.....	1.50	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75	1.75	1.85	23
Bleachers:												
Headmen.....	1.75	1.75	1.75	1.75	1.90	1.90	1.90	1.90	1.90	1.90	2.15	23
Helpers.....	1.25	1.25	1.35	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.75	40
Engineers.....	1.90	1.90	1.90	1.90	1.90	2.10	2.25	2.25	2.25	2.25	2.40	26
Chipper men:												
Headman.....	1.60	1.60	1.60	1.60	1.60	1.70	1.70	1.80	1.80	1.90	1.90	19
Helpers.....	1.40	1.40	1.40	1.40	1.40	1.60	1.60	1.60	1.60	1.80	1.70	21
Do.....	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.70	1.60	14
Digesters:												
Headman.....	2.00	2.25	2.25	2.50	2.50	2.50	2.50	3.00	3.00	3.00	3.25	62
Helper.....	1.50	1.50	1.65	1.65	1.65	1.65	1.65	1.80	1.80	1.80	2.15	43
Machine:												
Machine tender.....	2.00	2.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.40	20
Cutter.....	1.50	1.50	1.65	1.70	1.70	1.75	1.90	1.90	1.90	1.90	2.15	43
Wheelers.....	1.25	1.50	1.65	1.65	1.65	1.65	1.50	1.50	1.50	1.50	1.80	44
Do.....	1.20	1.20	1.60	1.60	1.50	1.50	1.50	1.50	1.40	1.50	1.80	50
Filters:												36.28
Filter man.....	1.75	1.75	1.75	1.90	1.90	2.00	1.90	1.90	1.90	1.90	1.90	8
Helper.....	1.50	1.50	1.60	1.80	1.80	1.90	1.60	1.50	1.50	1.50	1.60	7
Do.....	1.40	1.40	1.70	1.70	1.70	1.70	1.40	1.40	1.40	1.40	1.50	7
Do.....	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	7
Finishers:												
Head man.....	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	12
Trimmer.....	2.00	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.25	2.25	2.25	12
Finishers.....	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00	2.00	14
Do.....	1.50	1.50	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75	1.75	16
Frame handler.....	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	7
Counter girls.....	.90	.90	1.00	1.15	1.15	1.15	1.15	1.25	1.25	1.25	1.25	40
Do.....	.75	.75	.90	.90	.90	.90	1.00	1.15	1.15	1.15	1.15	53
Leachers:												
Leacher men.....	1.60	1.60	1.60	1.80	1.80	2.00	2.20	2.20	2.20	2.20	2.35	47
Helpers.....	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.50	47
Machine men:												
Pulp machine tenders.....	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.25	12
Pulp back tenders.....	1.50	1.50	1.50	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.75	16
Pulp finisher.....	1.60	1.60	1.60	1.60	1.65	1.65	1.65	1.65	1.65	1.65	1.80	12
Pulp reel boy.....	.75	.75	1.35	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.50	160
Paper machine tenders.....	3.50	3.50	3.50	3.50	3.80	3.80	3.75	4.00	4.00	4.00	4.00	14
Paper back tenders.....	1.60	1.60	1.60	1.75	2.15	2.15	2.00	2.00	2.00	2.00	2.00	28
Paper third hand.....	1.20	1.20	1.35	1.60	1.60	1.66	1.60	1.60	1.60	1.60	1.60	20
Broke hustler.....	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	145
Do.....	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	145

*Scale of wages at New York and Pennsylvania Company's Johnsonburg mill
from 1898 to 1908—Continued.*

Names.	1893.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.	1908.	Per cent.
Machine men—Cont'd.												
Keel boys						\$1.00	\$1.45	\$1.45	\$1.25	\$1.25	\$1.25	
Do								1.25				
Cutters:												
Cutter man			\$2.50	\$2.60	\$2.65	3.00	3.25	3.25	3.25	3.25	3.00	20
Helpers			1.35	1.40	1.50	1.65	1.65	1.65	2.00	2.00	1.75	22
Do					1.40	1.40	1.60	1.60	1.65	1.65	1.60	
Girls					.80	.90	.90	.90	1.00	1.00	1.00	
Do	\$0.75	\$0.75	.80	.90	1.00	1.00	1.00	1.15	1.15	1.15	1.15	58
Steam batteries:												
Water tenders	2.00	2.00	2.15	2.25	2.25	2.45	2.45	2.15	2.45	2.45	2.90	45
Do	1.75	1.50	1.35	1.80	2.10	2.25	2.20	2.20	2.20	2.20	2.40	37
Do		1.65	1.90	1.90	1.90	2.25	2.45	2.45	2.45	2.45	2.60	58
Firemen		1.40	1.65	1.80	1.80	2.00	2.20	2.20	2.20	2.20	2.35	68
Do									1.75	1.75		
Ash men		1.20	1.35	1.45	1.45	1.45	1.50	1.50	1.50	1.50	1.80	66
Yard:											1.20	
Teamster	1.75	1.75	1.75	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	6
Helpers	1.35	1.35	1.35	1.50	1.50	1.50	1.50	1.50	1.50	1.65	1.65	22
Truck loaders	1.30	1.30	1.60	1.60	1.50	1.75	1.75	1.75	1.75	1.75	1.75	34
Laborers	1.20	1.20	1.35	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.50	25
Calender men:												
Head man			2.00	2.25	2.00	2.00	2.25	2.50	2.00	2.00	2.35	17
Calender men			1.80	1.80	1.80	1.80	1.80	2.00	1.80	1.80	2.00	11
Helpers			1.35	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.90	11
											1.50	
												29.06
Alkali room:												
Headmen	1.80	1.80	1.80	2.00	2.00	2.00	2.20	2.20	2.50	2.50	2.50	38
Helpers	1.60	1.60	1.70	1.90	1.90	2.00	2.20	2.00	2.00	2.00	2.35	47
Do	1.35	1.35	1.45	1.55	1.55	1.55	1.65	1.55	1.55	1.55	1.75	30
Do							1.40	1.40	1.40	1.40	1.50	
Bleachers	1.60	1.60	1.60	1.70	1.90	1.90	1.90	1.90	1.90	1.90	2.15	34
Do	1.50	1.50	1.50	1.60	1.40	1.40	1.40	1.40	1.40	1.40		
Do	1.00	1.20	1.15	1.40	1.10	1.10	1.10	1.10	1.10	1.10	1.10	10
Do		1.00										
Beater men:												
Headmen	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50	40
Color men	1.75	2.25	2.50	2.50	2.50	2.50	2.50	3.00	3.00	3.00	3.00	57
Helpers	1.35	1.35	1.35	1.50	1.50	1.60	1.65	1.65	1.65	1.65	1.75	26
Do	1.25	1.25		1.45	1.45	1.50	1.60	1.60	1.60	1.60	1.70	36
Do	1.20	1.20		1.40	1.40	1.50	1.55	1.60	1.60	1.60	1.60	33
Do						1.45	1.45	1.45	1.45	1.60	1.60	
Brown stock	1.40	1.65	1.50	1.60	1.60	1.70	1.70	1.70	1.70	1.75	1.85	32
Do	1.25	1.45	1.40	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.60	28
Wet machines	1.65	1.65	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	6
Do	1.00	1.00	1.20				1.40	1.40	1.40	1.40	1.40	40
Engineers:												
Corliss Nos. 1 and 2	1.50	1.50	1.50	1.60	1.60	1.75	1.90	1.90	1.90	1.90	1.90	26
Ideal	1.40	1.40	1.60	1.70	1.70	1.75	1.90	2.15	2.15	2.15		53
Corliss No. 3			2.25	2.25	2.25	2.50	2.75	2.75	2.75	2.75	2.75	22
Do			2.00	2.00	2.00	2.00	2.20	2.20	2.20	2.20	2.20	10
Do				1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.50	
Heaters												
Electric, manufactur-								2.00	2.15	2.15	2.30	
ing									2.50	2.50	2.90	
Chippemen	1.75	1.75	1.75	1.90	1.90	1.90	1.90	1.90	1.80	1.80	1.90	8
Helpers		1.25	1.40	1.50	1.50	1.50	1.50	1.50	1.70	1.70	1.80	44
Do									1.60	1.60	1.70	
Cleaners	1.20	1.20	1.35	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.50	25
Digesters:												
Head men	1.75	1.75	1.75	1.95	1.95	2.00	2.10	2.10	2.25	2.25	2.50	43
Helpers	1.25	1.20	1.40	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.75	40
Drainers	1.25	1.25	1.00	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.50	20
Do	1.20	1.20	1.15	1.10	1.40	1.40	1.40	1.40	1.40	1.40	1.50	25
Do	.75											
Do			1.00									
Felt washer			1.35	1.50	1.50	1.60	1.60	1.75	1.75	1.75	1.75	30
Electrician	1.75	1.75	2.00	2.25	2.25	2.25	2.50	3.00	3.00	3.00	3.00	71
Helper		1.50	1.50	1.50	1.75	1.75	2.25	2.25	2.25	2.25	2.25	60
												32.71

Rates of tariff on paper.

Ground wood, $\frac{1}{2}$ cent per pound.
 Chemical fiber, $\frac{1}{2}$ cent per pound.
 Bleached chemical fiber, $\frac{1}{2}$ cent per pound.
 Printing paper, value 2 cents per pound.
 Wrapping paper, various grades.
 Parchment.

Rates on supplies for paper mills' use.

Clay	\$2.50 per ton
Felts..... 44 cents per pound and 60 per cent or	100 per cent
Colors	
Wire cloth.....	35 per cent
Cotton dryer felts.....	45 per cent
Hemp twines..... 13 cents per pound or	100 per cent
Alum and alum cake..... $\frac{1}{2}$ cent per pound or	50 per cent
Lumber	
Machinery	45 per cent
Steel forgings.....	35 per cent
Steel sheets.....	35 per cent
Soda ash.....	25 per cent
Leather belting	35 per cent
Rubber belting.....	30 per cent
Salt.....	8 to 12 cents per hundred
Bleach.....	20 per cent

Wages.

	American.	European.
Women.....	About \$1 per day (indoor work)	\$0.37 $\frac{1}{2}$ to \$0.50
Men.....	From \$1.50 to \$5 per day, variation based on skill .....	.50 to 1.50

Investment.

It is estimated that the amount of capital invested in the manufacture of book papers, and grades of paper included in that category, is, in round figures, about \$105,000,000. In this investment are included the working capital and the value of timber lands and soda fiber and sulphite mills, which are maintained, operated, and conducted in connection with such book-paper plants.

All book-paper mills, however, are not equipped with their own chemical fiber mills for the manufacture of sulphite and soda pulp.

Labor.

The aggregate number of wage-earners employed in the mills manufacturing book paper and similar grades in the United States, including the soda-fiber and sulphite plants operated and conducted in connection therewith, is estimated to represent an army of, approximately, 30,000.

Conclusion.

It is contended that—so far as the paper-making industry is concerned—a protective tariff which insures for the American workingmen employed therein the highest scale of wages of any similar class of labor in any other country, and at the same time provides him with

abundant opportunity for employment, is of itself one of the most potential arguments that can be advanced in favor of its retention.

Experiment might not only prove fallacious, but disturbing to the paper-making industry as a whole, and perhaps inflict unnecessary and unjust hardship upon our American wage-earners.

The tariff duty on paper and pulp should be maintained and continued at its present standard. It is not alone required in the interests of the paper manufacturer, but likewise in the interests of the large army of American laborers dependent upon that industry for its employment.

Respectfully submitted.

**STATEMENT OF MR. A. W. ESLEECK, REPRESENTING THE
ESLEECK MANUFACTURING COMPANY.**

Mr. ESLEECK. I will not burden you with any further statistics, Mr. Chairman, but simply present a few facts in relation to the classification of certain papers that now come in under the schedule of printing papers.

Mr. DALZELL. What paragraph?

Mr. ESLEECK. Among them are what are termed "onion skin or typewriter papers, japan paper, drawing paper, blueprint paper." All of these have been entered as printing paper at a low classification.

Mr. DALZELL. What paragraph of the bill are they in?

Mr. ESLEECK. Paragraphs 401, 396, and 397. We established our factory about eight years ago with reference to making light-weight papers. At that time there were few, if any, imported into this country. Since that time the foreign light-weight papers are imported in large quantities, and sold by almost every jobbing house in the United States. These papers are imported as onion skins, advertised as onion skin and typewriting papers, used as such, and come in direct competition with the American product. The price at which they are imported is very low, the price at the port of entry being about 5 or 6 cents a pound, and they are sold in this country at 8 cents. Now, the cheapest paper we can make of that character is from 13 cents to 35 cents, and yet the price of these foreign papers is so low that the trade use them simply because the price is low, and use them in place of the domestic article. They say the papers are not as good, and they are not, but they say they answer the purpose for which they use them, which is manifold purposes. The same is true of blueprint papers. They come in also as printing papers, and without taking up any extra time I would like to read just one or two notations I made here, and leave the brief with the clerk of the committee.

Paper designated in the trade as onion skin, glazed or unglazed, white or colored, manifold or typewriter, weighing not more than 8 pounds to the ream of folio 17 by 22 inches, 6 cents per pound and 15 per cent ad valorem; if weighing over 8 pounds and not over 10 pounds to the ream of 17 by 22 inches, 5 cents per pound and 15 per cent ad valorem. This would give this class of paper the same protection as is given to copying paper. But these papers are used for the same purposes as copying paper; they are used for manifolding purposes. With this classification and rate of duty the German article could then be sold in this market for several cents per pound less than the cheapest of the domestic papers.

There are other grades of writing papers manufactured in this country that are seriously affected by the present classification, notably blueprint papers, hand-made papers—whether genuine or imitation, cover papers, Japan papers—genuine and imitation, these papers have been entered as printing paper at a duty of eight-tenths of a cent per pound. We are not asking any increase in these papers, but we do ask that these papers be properly classified, and we do believe that all these papers I have referred to—onionskins, manifold, Japan paper, and blueprint paper—should come under paragraph 401, which refers to writing paper.

Mr. UNDERWOOD. What is the volume of those papers consumed in this country?

Mr. ESLEECK. You mean the light-weight papers?

Mr. UNDERWOOD. The papers you are referring to.

Mr. ESLEECK. Of the light-weight papers which I am personally most interested in I should say, without having exact data, that there was probably a thousand tons imported.

Mr. UNDERWOOD. Then how much is consumed in the United States?

Mr. ESLEECK. That is a hard question. It is a growing trade.

Mr. UNDERWOOD. You have no comparison of the importations with the consumption in the country?

Mr. ESLEECK. I should say that the importation was probably one-third of the consumption on the manifold papers; the union skins and the typewriter manifold papers. I should say that the importation was probably one-third.

Mr. UNDERWOOD. Two-thirds produced in the United States?

Mr. ESLEECK. Yes, sir; I should say about that.

Mr. UNDERWOOD. That is under one-eighth of a cent duty, now?

Mr. ESLEECK. Eighth-tenths of 1 per cent.

Mr. UNDERWOOD. If we put on the duty that you ask, what effect would that have on the importations?

Mr. ESLEECK. The imported article could be sold for about 3 cents a pound less than the cheapest paper we make in this country.

Mr. UNDERWOOD. You think the importation would be as large as it is at present?

Mr. ESLEECK. I do not know that it would affect it very much, but it would bring the two papers, domestic and foreign, nearer together, so that there would not be that inducement for the people to buy the cheaper article. Now it is so cheap that they use the imported.

Mr. UNDERWOOD. Would not the effect of that duty be to cut off importations entirely?

Mr. ESLEECK. No, sir; they could import it and sell it 3 cents a pound cheaper than our cheapest paper. Domestic prices run from 13½ up to 25 cents, and even higher than that.

(Following is the brief submitted by Mr. Esleek:)

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.:*

We appreciate the courtesy extended to us by your honorable committee in giving us the opportunity to present some facts that have a most important bearing upon that branch of the paper industry with which we are connected and which vitally affects its interest.

First. The importation of German light-weight papers. These are manufactured on a basis of from $7\frac{1}{2}$ pounds to 9 pounds to the ream of 480 or 500 sheets, 17 by 22 inches, and sold in this country as onionskins and manifold typewriter.

These papers are imported by the Germania Importing Company, of New York; O. M. Steinman, of New York; and also by several of the large jobbing houses in this country. These papers are advertised as onionskin and typewriter papers, sold as such, and as such they are universally used; and while the quality is much inferior to the domestic product, and the price at which it is sold is so attractive to the average buyer (being approximately 8 cents per pound) that it is rapidly crowding out the American product. (See exhibit A attached, which are the foreign papers; Exhibit B are of domestic manufacture.)

These papers are not covered either by section 397 or 401 of the present tariff, but have, we understand, been entered under section 596 as printing paper at a valuation carrying eight-tenths of a cent per pound. The injustice of this classification is so manifest, and its effect on American manufacturers of paper used for identically the same purpose so disastrous, we feel that it is only necessary to place these facts before your honorable committee to have them receive your most favorable consideration.

Section 397 places a duty on copying and tissue papers weighing not over 6 pounds to the ream of 20 by 30 inches of 6 cents per pound and 15 per cent ad valorem; if weighing over 6 pounds and not over 10 pounds to the ream, 5 cents per pound and 15 per cent ad valorem.

The quantity of paper used in duplicate work, i. e., carbon copies, is vastly in excess of that used in the manufacture of copy books, and inasmuch as the foreign importations of onionskin and typewriter manifold seems to be unclassified under the present tariff that was framed prior to the advent of this class of paper into this country, we beg to suggest to your honorable committee for your favorable consideration the following classification: Paper designated in the trade as onionskin, glazed or unglazed, white or colored, manifold or typewriter, weighing not more than 8 pounds to the ream of folio, 17 by 22 inches, 6 cents per pound and 15 per cent ad valorem; if weighing over 8 pounds and not over 10 pounds to the ream of 17 by 22 inches, 5 cents per pound and 15 per cent ad valorem. This would give this class of paper the same protection as is given to copying paper. With this classification and rate of duty the German article could then be sold in this market for several cents per pound less than the cheapest of the domestic papers.

There are other grades of writing papers manufactured in this country that are seriously affected by the present classification, notably blueprint papers, hand-made papers—whether genuine and imitation—cover papers, Japan papers—genuine and imitation—these papers have been entered as printing paper at a duty of eight-tenths of a cent per pound. The term "hand made" should be more clearly defined, because genuine hand made has sometimes been assessed as printing paper. Imitation hand-made papers have been made in this country, but the manufacture had to be practically abandoned on account of the low price of the imported paper. If

properly protected, they could be profitably made in this country, (See Sxhibit G.)

Japan paper, genuine and imitation: These papers are a strong, hard, sized paper, of the nature of a bond paper. They are being imported into the country in large quantities as French Japan, the imitation paper being assessed under paragraph No. 396 as printing paper. They should be especially mentioned. These papers are being made in this country. (See Exhibit F.)

Blueprint paper: Paragraph No. 398 should be so amended as to distinctly cover blueprint papers, and we would suggest that the clause in the article relating to plain basic photograph papers be amended to read as follows: "Plain basic photographic and blueprint papers for albumenizing, sensitizing, or baryta coating, 3 cents per pound and 10 per cent ad valorem; albumenized or sensitized paper, or paper otherwise surface-coated for photographic or blueprint purposes, 30 per centum ad valorem."

Papers for blueprinting purposes are essentially photograph papers, made in the same manner, and are coated and developed precisely as are ordinary photographic papers. They are very hard, sized, and vary in value from 7 cents to 27 cents per pound. (Exhibit D.)

It evidently was the intent of the framers of the tariff of 1897 that blueprint papers should be classed as plain photographic papers, and they were assessed as such for about four years. The United States General Appraisers at New York, under date of November 21, 1901, declared that "paper used for making blueprint paper is not dutiable as plain basic photographic paper under paragraph 398, act of July 24, 1897. Such papers are of the class suitable for printing of books, and are dutiable under paragraph 396 if valued above 5 cents per pound, at the rate of 15 per cent ad valorem." (Treasury Decisions, vol. 4, No. 48, November 28, 1901; 23378 G. A., 5031.) This decision is so obviously wrong as to scarcely need discussion. Papers suitable for printing books are either not at all sized, or sized very lightly, in order that the ink may dry quickly. They are of very short fiber, easily torn, and soft. In every particular blueprint papers are the opposite of this. They are hard, exceedingly well sized, smooth, high finish, and very strong. They are made from an entirely different class of stock, and are more expensive to make than printing papers, and are entirely different in every particular. (Samples herewith, Exhibit E.)

It is a significant fact that of the 13,362 tons of "printing paper" imported from Canada in the year 1907 only 2 tons are valued at 4 to 5 cents, and of the 1,515 tons of "printing paper" imported from Europe in the same period 1,330 tons are valued at 5 cents and over, which indicates that the great bulk of the so-called "printing paper" coming from Europe is not printing paper at all, but high-grade papers, very probably for blueprinting and other purposes than printing paper.

The nature of photographic papers and blueprint papers being essentially the same, it is very possible that papers intended for regular photographic purposes are being imported as "blueprint papers" and escaping the duty. There is no way to prove this, but no inspector could tell whether certain roll was plain blueprint or

photograph paper, as the chemical constituents are practically the same.

These special papers, with the exception of blueprint papers, could be classified under section 401, and would then read as follows:

"Writing, letter, note, handmade, whether genuine or imitation, sized or unsized, if deckled on two or more sides, drawing, ledger, bond, record, tablet, typewriter paper, onionskin, and manifolded papers, cover papers, Japan paper, genuine or imitation, weighing not more than 8 pounds to the ream of 500 sheets of 17x22 inches, 6 cents per pound and 15 per cent ad valorem; if weighing over 8 pounds to the ream and not over 10 pounds to the ream, 5 cents per pound and 15 per cent ad valorem; if weighing not less than 10 pounds and not more than 15 pounds to the ream, 2 cents per pound and 15 per cent ad valorem; weighing more than 15 pounds to the ream, 3½ cents per pound and 15 per cent ad valorem."

Also amending the last clause of the section, after the word "provided" to read as follows: "That in computing the duty on such papers every 187,000 square inches shall be taken to be a ream," as in writing papers, folio, or 17x22 inches, is generally taken as a basis for weight.

We would respectfully call your committee's attention to the matter of cardboard and bristol board, pasted and unpasted. These papers are manufactured in large quantities in this country, and we think should be classified in a manner to prevent any misunderstanding or undervaluation. Would recommend a special clause, No. 408, carrying 35 per cent ad valorem.

Respectfully submitted.

ESLEECK MANUFACTURING COMPANY,

By A. W. ESLEECK,

Representing the writing-paper branch of the paper industry.

Mr. R. S. ELLIOTT. May I say something right now on this onion-skin paper, Mr. Chairman?

Mr. CHAIRMAN. Yes; step right forward.

STATEMENT OF MR. R. S. ELLIOTT, OF PHILADELPHIA, PA.

The onion-skin paper that the gentleman has just spoken about that is brought from the other side is made out of wood. It is an entirely different paper in the make-up from the papers made in this country. If you put a duty on that paper made on the other side, the sale of it will absolutely cease in this country, because the wearing qualities of that paper are not as good as the wearing qualities of these papers made in this country, which are made out of rags. The paper made in Germany and Austria is made out of wood, so that the importation of that paper has decreased instead of increasing, for this reason. About six or seven years ago those papers were brought in in large quantities for tablet manufacturers, which they sold to people in the West and in the South for foreign correspondents. That trade has practically been eliminated, for they are to-day using the American papers in place of these onion-skin papers. Now, these onion papers are used for special work here in this country, and the trade has grown and been built up simply on account of the price of the stuff.

Mr. UNDERWOOD. What class of work are they used on?

Mr. ELLIOTT. I sell it for railroad manifold work and work of that character, and it is sold by jobbers all over the country in small quantities. Cleveland is a very large center for the use of that paper. To-day factories have a great many branches all over the country. One big concern where they use this paper sends ten or fifteen or twenty orders through the mail; they use this light-weight paper.

Mr. UNDERWOOD. What is the volume of the business in these grades that the gentleman just preceding you spoke about in this country. Do you know what is the average of business, the volume of consumption?

Mr. ELLIOTT. It is hard to give you those figures right offhand.

Mr. UNDERWOOD. Do you know what the importations are in comparison with the volume of consumption?

Mr. ELLIOTT. No; I could not give you that. I can say this, that there are but four importers in this country that make a specialty of that business. The business has changed materially in the last six or seven years. The large importations were seven years ago, when it was used as tablet paper. That has entirely died out.

Mr. UNDERWOOD. Do you think if we put the duty on this paper that was asked for by the gentleman who preceded you, that would amount to a prohibitive tariff?

Mr. ELLIOTT. It would in this way, that the paper that is made in Europe is made out of wood, and the wearing qualities are such that if the American had to pay the same price for that German paper as he did for the American, he would use the American paper, because it will wear twice as long. It is made out of rags.

Mr. UNDERWOOD. In other words, your idea is that we would not give the consumer the right of choice as to which paper he preferred, but we would prohibit the other paper entirely?

Mr. ELLIOTT. Yes, sir.

Mr. DALZELL. You are talking about onionskin paper.

Mr. ELLIOTT. Yes, sir.

Mr. DALZELL. There is no such paper designated in the tariff law now.

Mr. ELLIOTT. No, sir; this paper was really erroneously called onionskin paper by the importer.

Mr. DALZELL. But how does it come in now?

Mr. ELLIOTT. It comes in under 25 per cent paper, not otherwise provided for.

Mr. ESLEECK. It would come in under eight-tenths of 1 per cent.

Mr. ELLIOTT. Twenty-five per cent is the rate of duty.

Mr. ESLEECK. The duty is eight-tenths of 1 per cent.

Mr. DALZELL. Under what clause?

Mr. ESLEECK. Under section 398.

Mr. ELLIOTT. Onionskins do not come in under onionskin paper. There was a case here on that, three years ago. I have imported car loads of it, and paid 25 per cent duty, for the last ten years.

Mr. GAINES. Is it used the same as onionskin paper is used, as typewriter paper?

Mr. ELLIOTT. It is not used as typewriter paper, because it is made out of wood, and it does not have the qualities that American paper has. It does not come in competition with typewriter papers.

Mr. GRIGGS. What do you want us to keep it out for, if it does not come in competition?

Mr. ELLIOTT. It does not come in competition with regular type-writer papers. I do not want to keep it out.

Mr. GRIGGS. You want to let it in?

Mr. ELLIOTT. I want you to let the duty stay just where it is, at 25 per cent. I do not want to change the classification.

STATEMENT OF MR. MILTON E. MARCUSE, OF RICHMOND, VA.

The CHAIRMAN. What is your name?

Mr. MARCUSE. Milton E. Marcuse.

The CHAIRMAN. All right. Proceed.

Mr. MARCUSE. Before submitting the paper which I have I will say that I was interested in the question put by Mr. Gaines to Mr. Sullivan, as to the amount of duty involved on one particular book, and working on that I have figured out that if the total duty were saved to the consumer of wrapping paper that he would save 1 cent in wrapping up 500 pounds of sugar.

Speaking for the wrapping-paper manufacturers, we wish to submit that wrapping-paper manufacturers, representing an investment of about \$80,000,000 among 103 mills specifically engaged in this industry in America and employing many thousands of skilled employees, artisans, and laborers, receives little or no protection under the existing law, the duty of 25 per cent ad valorem permitting the importation of a large tonnage of so-called Kraft paper manufactured by European manufacturers. This paper, as its name indicates, is exceedingly strong, so strong that a sheet of 25-pound paper (25 pounds to a ream, 480 sheets of 24 by 36 inches) does the same service as our domestic 40 or 50 pound No. 1 manila. It is manufactured in paper mills where the investment is relatively small and the labor cheap. These manufacturers can build and equip their plants for very much less than the cost required in America. They have machinery and building material free of duty and enjoy low labor costs in all the departments of their business—building, construction, and operating. Therefore they can afford to run their machinery slow enough to produce this grade, which yields but a very small daily production per inches of machine, whereas in America we can not meet their competition on account of the larger investment and production costs, as we are compelled to run for tonnage, and in order to get the lowest possible production costs we are forced to run such weights and grades as to enable us to secure these results.

The growth of the Kraft paper-making industry and its importation into this country is increasing at an alarming rate. This has grown from nothing three years ago to an importation last year of between 10,000 and 12,000 tons, so we are informed, and as explained before on account of its superior strength it displaces twice this amount of tonnage of domestic production. If we were afforded a proper protection on these grades we are sure American enterprise would prepare itself to take care of the increased demand for these grades, as already there have been many experiments made in American mills, and one or two manufacturers have been looking very seriously into the problem. To emphasize the effect of this competition let us cite

the following comparative table. Costs of manufacture at mills, properly balanced.

No. 1. manila, made of 60 per cent sulphite (popular quality), costs as follows:

60 per cent sulphite, at \$35 per ton.....	\$21.00
40 per cent ground wood, at \$18 per ton.....	7.20
	<hr/>
10 per cent shrinkage.....	28.20
Conversion.....	2.82
Conversion.....	16.00
Freight.....	4.00
	<hr/>
Total.....	51.02
Or \$2.55 per hundredweight.	

The Kraft paper costs 3 cents per pound f. o. b. port of entry, plus 25 per cent duty, 75 cents per hundredweight, total \$3.75 per hundredweight, f. o. b. port of entry. If sold at 4½ cents per pound, a ream of 25 pounds costs the consumer \$1.06½ per ream. No. 1 manila, 40 pounds basis, if sold at 3½ cents, would cost the consumer \$1.30 per ream, or 23½ per ream in favor of the imported paper. We therefore claim that this grade of paper, where labor costs are as high relatively as the costs on the higher forms of steel products, should receive higher protection. We have prepared the following suggestions, which we ask you to include in your schedule on paper:

Proposed schedule for wrapping paper, made in whole or in part from sulphate fiber and commonly known in the trade as "Kraft paper" (or any substitute of equal strength, quality, or appearance), white or colored, and of all kinds of wrapping paper, decorated or containing a design or character of any description, as follows:

Weighting over 65 pounds to the ream of 480 sheets, on a basis of 24 by 36 inches, and whether in reams or any other form, 25 per cent ad valorem; if weighing 40 pounds and not over 65 pounds to the ream, 30 per cent ad valorem; if weighing 30 pounds and not over 40 pounds to the ream, 40 per cent ad valorem; if weighing 20 pounds and not over 30 pounds to the ream, 50 per cent ad valorem.

All other papers known as wrapping paper, not especially provided for in the above, 25 per cent ad valorem.

Novelty wrapping papers containing designs and characters are now being produced in this country, both with and without patents, that must compete with foreign-made papers of like character.

The foreign manufacturers can produce these papers and land them in the United States at a price that will not permit the domestic manufacturers to compete, and, at the same time, nullify the value of the patent issued by this Government, for, owing to the patent laws prevailing now in most of the foreign governments, a patented article must be manufactured in those countries or be available to anyone who chooses to use them.

Kraft paper weighing 20 pounds and under should be classed as tissue.

INVESTMENT.

The wrapping-paper industry is one peculiar unto itself. It occupies a different relationship as regards investment to production than any other industry in this country. To build and equip a wrapping-paper mill requires \$2 investment for each \$1 of annual production.

This does not consider timber lands or working capital, but does include all expenditures for development of water power, construction of pulp mills (mechanical and chemical), paper mills, etc. Therefore, in order to secure a yield of only simple interest on investment, the paper manufacturer has to make 12 per cent on his product, free of all depreciation, costs, etc. Men do not invest in manufacturing business for 6 per cent returns. They would not employ their time, intelligence, and money at so great a labor and risk for so small a return. Good judgment would dictate the preference of lending their money on good collateral for such returns. They must see at least 10 per cent on capital before they would place their money in such enterprises, in which they are not only serving their own interests but are public benefactors, in developing the country's natural resources and giving employment to its labor. To make this 10 per cent they would have to make 20 per cent on their product, and the result of recent years, as shown by ledger balances, shows this to be impossible, in view of foreign competition.

In considering the tariff on paper we would like for you to recognize the relation which exists between wood and the products therefrom, and iron ore and the products therefrom. Whether converting wood into ground wood pulp for paper purposes, or in converting iron ore into pig iron, the relation of labor to finished product is relatively the same.

From every point of view, in bringing wood products and steel products into their relation with each other, whether considering the labor expenditure to produce \$1 worth; or whether considering the plant investment necessary to produce \$1 worth, or whether considering the investment necessary for protection, the supplies of raw material as they are found in the earth or growing from the earth, or whether considering the abstract aspects in connection with political economy, it appears that the duties upon wood and the products thereof should be greater than the duties upon steel (iron ore) and the products thereof, and yet we find that under the present tariff this condition is not only reversed, but most severely reversed, because in some cases the duties upon important heavy steel products are three times as great as upon corresponding wood products.

We now ask that whatever duties be placed upon iron ore and the products therefrom, correspondingly higher duties be placed upon wood and the products therefrom.

I have also a paper here—

Mr. UNDERWOOD. The duty on iron ore is 50 cents a ton.

Mr. MARCUSE. And pulp wood is free.

Mr. UNDERWOOD. Pulp wood is free. You want 50 cents a ton on wood pulp? Is that what you claim?

Mr. MARCUSE. Whatever your judgment sees fit to give to iron ore, we would like the relationship of wood and its products considered in its relative position.

I have also here the views of Mr. Gustavus Millhiser on the same subject, which I will submit with the other paper.

(The paper of Mr. Gustavus Millhiser, submitted by Mr. Marcuse, will appear at the end of Mr. Marcuse's statement.)

Mr. UNDERWOOD. I want to ask you, on this subject of wrapping paper, what is the volume of the business in the United States?

Mr. MARCUSE. About 700,000 tons per annum.

Mr. UNDERWOOD. About 700,000 tons per annum. That is, the consumption in this country is 700,000 tons?

Mr. MARCUSE. The production in the country is 700,000 tons. That is what you asked me.

Mr. UNDERWOOD. What is the importation?

Mr. MARCUSE. The importation is a difficult problem to reach, because the wrapping paper comes under that indescribable quantity of "not otherwise specified."

Mr. UNDERWOOD. You mean that you have no figures on the amount of importations?

Mr. MARCUSE. We have made some effort to get some, and hope that we will be able at some not distant day to give those figures.

Mr. UNDERWOOD. But at the time you prepared your statement—

Mr. MARCUSE. I was looking into the subject of Kraft paper, and the importations that I found in one port of entry gave me an indication that the quantity we imagined was being imported should be cut down exactly one-half. The effect that it has had on the trade has influenced the manufacturers of paper to believe that from 20,000 to 25,000 tons were imported last year, but when we found out that about 4,000 tons were received at one port of entry, we concluded that from 10,000 to 12,000 tons were the receipts in the United States.

Mr. UNDERWOOD. You think that the production of wrapping paper in this country amounts to about 700,000 tons, and the importations to about 12,000 tons?

Mr. MARCUSE. But that is of this one particular grade. This is a new product, that has not only disturbed us, but has disturbed us twice as much as it would if it was not serving twice the duty that our papers do.

Mr. UNDERWOOD. On that new product, the importation—

Mr. MARCUSE. If it grows from nothing to 12,000 tons in the short space of three years, in simple geometrical progression, what will it do in ten years? That is what alarms us.

Mr. UNDERWOOD. It might be that the market has been already filled, possibly.

Mr. MARCUSE. To draw it more closely to your attention, it has been a matter of only the recent past when you carried home from the first-class stores of your community your bundles wrapped in Kraft paper. Heretofore they have been wrapped in No. 1 manila or fiber papers of American production. But now, in all of the larger stores, in the larger cities, you find they are working this into common use.

Mr. UNDERWOOD. I do not care to take up the time of the committee in arguing this question with you, if you will pardon me; but I would like to—

Mr. MARCUSE. I do not want to take up any of your time.

Mr. UNDERWOOD. I say, I would like some information, so that if the question comes to a vote I can intelligently vote on the matter. Therefore I want the information for my own guidance. You stated the amount of the production in this country. Now, I would like to know the total amount of importations, in the line of wrapping paper, if you know it. If you do not, you may say so.

Mr. MARCUSE. I do not know it, but I will try to ascertain and give it to you. I have tried to do it, but have not been able to give it to you as yet.

Mr. UNDERWOOD. Is there any exportation of this paper?

Mr. MARCUSE. Of our papers?

Mr. UNDERWOOD. Yes.

Mr. MARCUSE. It is very limited.

Mr. UNDERWOOD. Where do you export it to?

Mr. MARCUSE. I hardly think of exporting now. There is some little exporting going on to Cuba.

Mr. UNDERWOOD. Where have you been exporting in the past?

Mr. MARCUSE. The export business for domestic manufactures in wrapping paper is so small that it is not a factor.

Mr. UNDERWOOD. If you can, I wish you would give the information.

Mr. MARCUSE. As I say, the figure is so infinitesimal that it is not a factor as to which I could even give you the information you are trying to get. I know some little goes to Cuba, and before Porto Rico was made a part of our country some went to Porto Rico.

Mr. UNDERWOOD. Some goes to the Continent, does it not?

Mr. MARCUSE. I do not know of any wrapping paper going to the Continent.

Mr. UNDERWOOD. You ship none to England?

Mr. MARCUSE. I know of one going there.

Mr. UNDERWOOD. Of course you only speak for your own house and not for the trade?

Mr. MARCUSE. I only speak for my own house and from a general knowledge of the trade.

Mr. UNDERWOOD. But you are unable to give the information at present as to a comparison of the amount of the volume of this business that is controlled to-day by the American product as compared with the other?

Mr. MARCUSE. No.

Mr. UNDERWOOD. I would be obliged to you if you would put that statement in, if you can get the figures. That is one of the important propositions that we want to know about.

Mr. MARCUSE. I will be very pleased to do that at a later time, if possible.

Mr. BOUTELL. Who are your principal purchasers?

Mr. MARCUSE. The jobbers.

Mr. BOUTELL. You do not sell to the paper-bag manufacturers, do you?

Mr. MARCUSE. Some of the paper manufacturers do who make bag papers. They sell to the paper-bag manufacturers.

Mr. BOUTELL. Some of the class that you represent here?

Mr. MARCUSE. Yes, sir.

Mr. BOUTELL. There is a large exportation of paper bags, is there not?

Mr. MARCUSE. So I am informed.

Mr. BOUTELL. To Australia and South Africa?

Mr. MARCUSE. Yes.

Mr. BOUTELL. That is made out of your paper?

Mr. MARCUSE. Yes.

Mr. BOUTELL. Are those paper bags that are sold in Australia and South Africa sold in competition with the English and German manufactures?

Mr. MARCUSE. Being unfamiliar with that branch of the business, I am unable to give a reply, but there are other gentlemen here who know more about it.

Mr. BOUTELL. There are paper-bag manufacturers represented here, are there?

Mr. MARCUSE. Yes.

Mr. CLARK. How much per cent did you say you are making?

Mr. MARCUSE. We are making 700,000 tons.

Mr. CLARK. But I ask you how much per cent of money you are making on your investment?

Mr. MARCUSE. Well—how much per cent we are making on our investment?

Mr. CLARK. Yes; it is a simple question.

Mr. MARCUSE. It is a very simple question, and a very difficult one to answer.

Mr. CLARK. Did you not state a while ago that you made 12 per cent?

Mr. MARCUSE. That we would have to make 12 per cent.

Mr. CLARK. Well, how much are you making?

Mr. MARCUSE. I think for an average period of years if it showed 5 per cent net above depreciation and costs the manufacturers would consider themselves fortunate.

Mr. CLARK. How much did you make from 1897 to 1907?

Mr. MARCUSE. I have not been in the business that long, but I want to say now that 5 per cent would be a fair average of the per annum profits that paper manufacturers made in that period.

Mr. CLARK. That is, after you count out the interest, depreciation, and the whole thing?

Mr. MARCUSE. After we count out nothing. The interest is there.

Mr. CLARK. You are all getting poor, then, according to your own tale.

Mr. MARCUSE. I think we are.

Mr. CLARK. You are worse off now than you were ten years ago?

Mr. MARCUSE. We are no better off.

Mr. CLARK. You have not made any money in the meantime?

Mr. MARCUSE. No, sir; we have not made the money that a manufacturing business entitles us to.

Mr. CLARK. I am not talking about what a manufacturing business entitles you to. I am talking about how much you made.

Mr. MARCUSE. Well, I have answered that.

Mr. CLARK. Did you make money or did you lose it?

Mr. MARCUSE. Some years we made money and some years we lost money.

Mr. CLARK. Well, how would it average, on the whole?

Mr. MARCUSE. Five per cent per annum for the last ten years is a fair average of what the paper manufacturers have made.

Mr. CLARK. You said a while ago that if a man did not make 12 per cent—

Mr. MARCUSE. I said—

Mr. CLARK. Wait a minute. You said if a man did not make 12 per cent on his investment in the manufacturing business, he would

pull his money out of the manufacturing business and invest it in securities. Do you know of any securities that will pay 12 per cent?

Mr. MARCUSE. I beg your pardon. I made no such statement.

Mr. CLARK. Well, it sounded like that. What was it?

Mr. MARCUSE. I said that in order to make 6 per cent on the capital invested you have to make 12 per cent on the production of your plant.

Mr. CLARK. And you said that if he did not make that much he would pull his money out and invest it in good securities, did you not?

Mr. MARCUSE. No; I said that that kind of a return does not attract men to that kind of business.

Mr. CLARK. Well, now, what was it you said?

Mr. MARCUSE. Would you like to have it read again?

Mr. CLARK. I would like to have the same statement made again, the same as before.

Mr. MARCUSE. I have it right here. It has not been changed.

Mr. CLARK. Well, state it the way you did before.

Mr. MARCUSE. I said: "To build and equip a wrapping-paper mill requires \$2 investment for each \$1 of annual production. This does not consider timber lands or working capital, but does include all expenditures for development of water power, construction of pulp mills (mechanical and chemical), paper mills, etc. Therefore, in order to secure a yield of only simple interest on the investment the paper manufacturer has to make 12 per cent on his product, free of all depreciation, costs, etc." Then I went on to say: "Men do not invest in manufacturing business for 6 per cent returns. They would not employ their time, intelligence, and money at so great a labor and risk for so small a return. Good judgment would dictate the preference of lending their money on good collateral for such returns. They must see at least 10 per cent on capital before they would place their money in such enterprises, in which they are not only serving their own interests," etc.

Mr. CLARK. How many concerns, or firms, or corporations, or whatever you are pleased to call them, are there?

Mr. MARCUSE. There are 103 wrapping-paper manufacturers.

Mr. CLARK. Making the same kind of paper that you are?

Mr. MARCUSE. No.

Mr. CLARK. How many of them are making the same kind you make?

Mr. MARCUSE. There is such a diversity of the character of wrapping paper that—well, I would say probably 33½ per cent are making the same grades on which I work.

Mr. CLARK. And are they all selling at the same price?

Mr. MARCUSE. No; there is a variation in the price.

Mr. CLARK. You compete with each other?

Mr. MARCUSE. We compete with each other.

Mr. CLARK. There is no agreement?

Mr. MARCUSE. There is no agreement.

Mr. CLARK. And no connection with a paper trust?

Mr. MARCUSE. None in the world, sir.

Mr. CLARK. And no "gentleman's agreement" with you?

Mr. MARCUSE. No "gentleman's agreement" with me.

Mr. CLARK. Do you have an "annual jubilee," too?

Mr. MARCUSE. I do.

Mr. CLARK. Do you talk business at those meetings?

Mr. MARCUSE. We do not have time at those meetings. [Laughter.]

Mr. CLARK. You do not? That is all.

(The statement of Mr. Gustavus Millhiser, submitted by Mr. Marcuse, is as follows:)

VIEWS OF MR. GUSTAVUS MILLHISER, PRESIDENT OF THE BEDFORD PULP AND PAPER COMPANY, RICHMOND, VA., ON THE SUBJECT OF THE TARIFF REVISION AS REGARDS THE PAPER SCHEDULE, AND THE RELATION OF THIS SCHEDULE TO THE STEEL SCHEDULE.

We want to approach this subject, not from the selfish standpoint of its commercial aspect as applied to the possible profit to our particular business only, but we want to approach the subject along the combined lines of commercialism, which is self-interest and patriotism, which is the altruistic interest.

In doing this, the first step is to recognize that the people of this country have practically voiced that protection, legitimately applied, meets their approval. We wish to keep before us the fact that while underprotection is an injustice to the particular industry so affected, on the other hand, overprotection is an injustice to all of the many millions of the people of this country.

We realize that under the application of the protective tariff due regard should be had to strengthening the sinews of the country and never weakening them at any point.

We recognize that among the important sinews of future strength in this country wood and steel form important and very far-reaching features.

We recognize that these two articles are totally unlike the products of the soil, which can be produced from year to year in such quantities as the efforts of man may be stimulated to produce.

We realize that proper forestry laws can be made to provide for such a reproduction of forest products as to make the supply of such products practically inexhaustible, and especially so in face of the fact that we have rapidly drifted into extensive substitution of steel for wood in many forms of construction work.

We realize that the natural storehouses in the earth of steel (iron ore) can not be replenished by the powers or ingenuity of man; that once exhausted they are forever exhausted; and we realize that to-day the nation, with its natural storehouses of iron ore exhausted, occupies a position which places it almost at the mercy of other nations provided with an ample supply of iron ore.

We are living in a steel age, and to preserve our supplies in the earth is the first duty in the direction of protection which is due the American people.

We ask and claim that, inasmuch as wood does renew itself and can be made to do so to an almost unlimited extent, and that as steel (iron ore) does not and can not be made to renew itself—we ask and claim that whatever protection may be seen fit to apply to wood and the products thereof still lower duties be applied to iron ore and the products thereof.

Not only for the perfectly clear reasons that I have mentioned does this policy impress itself and intrench itself behind the spirit of justice and justice itself, but it would also be helpful toward improving the position of each and every man, woman, and child in the United States engaged properly in the struggle for advancement.

It would not only reduce to some extent, varying only in degree, the cost of every operation in which one can engage to-day; but in doing so, it would also enable each and every manufacturer, who has articles to export or who might be induced to reach out in the direction of articles for export, to be put in a more favorable position to conduct his present operations and to look forward to increasing same in existing and yet-unexplored directions.

Under the present tariff, wood in the form of logs (that is to say, in its crudest form) is on the free list, and we do not ask that it be removed from the free list; to the contrary, we want it to remain there, and we correspondingly ask that iron ore be similarly placed upon the free list.

We find that timber, when converted into boards for building purposes, or when converted into ground-wood pulp for paper purposes, carries a duty of about 10 per cent, and we find, that under the existing tariff, iron ore, when converted into pig iron, carries a duty of about 33 per cent. The actual expenditure for labor in producing \$1 worth (at cost value) of either, boards for building purposes or ground-wood pulp for paper purposes—embracing all of the operations from the tree in the forest to the production of these articles—is as great (or greater) as is the actual expenditure for labor in producing \$1 worth (at cost value) of pig iron—embracing all of the operations from the ore in the ore bed to the production of the pig iron.

We feel that justice, coupled with the best business discretion, would leave these duties upon timber products at the existing, say, 10 per cent; but would correspondingly place pig iron below 10 per cent.

We find that the duty under the existing tariff upon chemical pulp is, upon an ad valorem basis, practically the same as upon ground-wood pulp; i. e., 10 per cent, and we find that the duty upon steel rails is about 40 per cent. The actual expenditure for labor in producing \$1 worth (at cost value) of chemical pulp, embracing all of the operations from the tree in the forest to the production of chemical pulp—is as great (or greater) as is the actual expenditure for labor in producing \$1 worth (at cost value) of steel rails, embracing all of the operations from the ore in the ore bed to the production of the steel rail.

We do not ask that the rate of duty upon chemical pulp be advanced, but we do, in the interest of ourselves and the whole American people, ask that a corresponding basis of protection be applied to steel rails, by which, we mean, to make it less than 10 per cent.

We find that under the existing tariff print paper carries a duty of about 15 per cent and, we will say, other papers about 25 per cent; and we find that articles of steel manufacture corresponding to these in their removal from raw stock toward finished products carry duties of at least double these percentages.

The complete expenditure for plant for producing finished paper, embracing all of the operations from the tree in the forest to the pro-

duction of finished paper, is \$2 to \$2.25, average, for each \$1 worth (at cost value) of finished paper produced. The complete expenditure for plant for producing the heavy finished products of steel, embracing all of the operations from the ore in the ore bed to the production of the heavy finished products of steel, is \$1 to \$1.25, average, for each \$1 worth (at cost value) of the heavy finished products of steel produced.

The investment involved for a paper mill to protect itself in its wood supplies by ownership of either timber lands or stumpage rights is, for each \$1 worth (cost value) of paper produced, as great as the investment involved for a steel plant to protect itself with its combined supplies, in the ground, of iron ore, coal, and limestone, provided that on the part of the steel plant this protection be obtained by ownership of the iron ore, coal, and limestone deposits; but if this protection on the part of the steel plant be accomplished by leases based upon the payment of royalties at the times these different products may be mined, then the investment for such protection falls far below (or disappears entirely) the investment required for protection on the part of the paper mill.

From every point of view, in bringing wood products and steel products into their relation with each other, whether considering the labor expenditure to produce \$1 worth, or whether considering the plant investment necessary to produce \$1 worth, or whether considering the investment necessary for protecting the supplies of raw material as they are found in the earth or growing from the earth, or whether considering the abstract aspects in connection with political economy, it appears that the duties upon wood and the products thereof should be greater than the duties upon steel (iron ore) and the products thereof, and yet we find that under the present tariff this condition is not only reversed, but most severely reversed, because in some cases the duties upon important heavy steel products are three times as great as upon corresponding wood products.

It should be borne in mind that all the products which, by their nature, are heavy in gross weight in relation to their cost value, carry, by their very nature, an innate protection; e. g., 100 pounds of merchandise, valued at \$100, and subject to an import freight of \$1, would carry an innate protection of 1 per cent, whereas 100 pounds of merchandise valued at \$10 and subject to an import freight at \$1 would carry an innate protection of 10 per cent. The heavy products of steel and the corresponding products of wood are conspicuous under this head.

The railroad freight charges for assembling all of the raw materials and afterwards transporting the finished products—both of wood and steel—constitute a large part of the production cost.

Should the steel schedules be revised in the direction that these views would suggest, then the railroads, by getting their steel supplies at lower prices, would, instead of crying for increase in freight rates, in a short time, no doubt, be prepared to decrease freight rates; and the benefits from such a change would not accrue to any favored spots, but would reach, in some degree, every man, woman, and child in the nation.

I can only believe that the discrepancies under the present tariff in the comparative treatment of wood and steel products was due to

the oversight in failing to bring these two products together and considering their relation to each other.

We now ask that whatever duties be placed upon iron ore and the products therefrom, correspondingly higher duties be placed upon wood and the products therefrom.

Mr. ELLIOTT. May I say something about that paper of Mr. Marcuse, Mr. Chairman?

The CHAIRMAN. Yes; if it is something you wish to state with reference to this wrapping paper.

Mr. ELLIOTT. It is. It has reference to this Swedish Kraft paper.

The CHAIRMAN. I wish, first, the reporter would make this note: Onionskin paper is classified as paper not specially provided for under paragraph 403 of the act of 1897. It is claimed, however, that it should be dutiable as print paper under paragraph 396. The importers have appealed from the decision of the general appraisers, and that appeal is now in force. Meanwhile the Government is collecting under paragraph 402.

Mr. CLARK. Before Mr. Elliott begins, I want to ask the last witness a question. Do you ask to have this tariff remain as it is, or to raise it?

Mr. MARCUSE. We ask that the tariff on wrapping paper remain as it is, but that a classification be made for Kraft paper.

Mr. JOHN NORRIS. Mr. Chairman, may I feebly ask whether those of us who have been waiting here all day may not get some chance—

The CHAIRMAN. What is that?

Mr. NORRIS. May I feebly ask that those of us who have been waiting here all day may get some chance to be heard?

The CHAIRMAN. Mr. Norris, you will be heard in due time, after this gentleman has finished. If Mr. Elliott were not heard now, I presume the newspapers that you represent would say we had cut off a man who wanted to speak for the reduction of the duty, or in opposition to raising it. He asks to speak, and he will be heard at this moment. Otherwise, if he had not volunteered, you would be speaking now.

Mr. NORRIS. I think this is about the third time he has spoken.

The CHAIRMAN. All of these gentlemen have been waiting all day equally with you. Proceed, Mr. Elliott.

FURTHER STATEMENT OF MR. R. S. ELLIOTT.

Mr. ELLIOTT. Mr. Chairman, I now want to present the following arguments why the present rate of duty, namely 25 per cent on wrapping papers which are imported under the style of a paper known as "Swedish Kraft," should not be changed.

First, the American has been taught by the Swede that it was possible to produce a superior paper with greater yardage from a given cord of spruce. This being true it would naturally help to save our forests. By yardage I mean that this Kraft paper being so strong can be used in a much lighter weight than regular manila wrapping paper. Thus the cost to the consumer is equalized and not as much timber is necessary to supply the wrapping requirements of the consumer. When the domestic manufacturers of manila paper began to see that the domestic user of wrapping paper demanded this Kraft paper they undertook to produce the same article with the result that to-day papers equal to the Swedish, both in price and quality, are

made by domestic mills. One of the largest domestic mills is producing a superior grade of Kraft made from pulp imported from Canada, which, coming across the line, has to pay a duty to say nothing of the freight to the mill making this paper. But even under these conditions, that paper is sold in competition in New York with the best grades made in Sweden.

Mr. UNDERWOOD. Let me ask you a question about that. Do you know the volume of this wrapping-paper business in this country?

Mr. ELLIOTT. No; I do not.

Mr. UNDERWOOD. Do you know the amount of the importations?

Mr. ELLIOTT. Not in this Kraft paper; no. It has only grown up in the last three years.

Mr. UNDERWOOD. What effect would it have on the business if we adopted the suggestion of the last witness, and made a specific enumeration of the Kraft paper?

Mr. ELLIOTT. I could not hear his statement. Does he want to raise the duty?

Mr. UNDERWOOD. I could not understand myself, from what he stated, exactly what he wanted, and I thought that possibly you could throw some light on it.

Mr. ELLIOTT. I was so far back that I could not hear it.

Mr. DALZELL. I understood that he wanted to retain the duty as it is now, but with a new classification for Kraft paper.

Mr. UNDERWOOD. What effect would that have on the business?

Mr. ELLIOTT. What would be the object of making a classification if it were not to raise the duty and bring it under some other classification where there is a higher duty?

The CHAIRMAN. You say that a new classification would raise the duty, as you understand it?

Mr. ELLIOTT. You asked me if it would?

The CHAIRMAN. Yes.

Mr. ELLIOTT. I do not see any other object, when they are making the paper, as I have stated they are.

Mr. UNDERWOOD. They are making paper of that kind?

Mr. ELLIOTT. Yes. It sells in New York City in competition with the Swedish.

The CHAIRMAN. We will now hear Mr. Norris, on pulp and print paper.

STATEMENT OF MR. JOHN NORRIS, CHAIRMAN OF COMMITTEE ON PAPER, AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION.

Mr. NORRIS. Mr. Chairman, just as an aside, and casually and incidentally and preliminarily, I want to call your attention to the fact that Mr. Marcuse, who preceded me—the gentleman who appealed for a new classification and a higher rate on wrapping papers—was the gentleman whose firm plead guilty June 19, 1908, in the United States court, as members of the Parks pool on fiber and manila, and his firm was fined \$2,000. Instead of that stopping the operations of these manufacturers and paper makers in fixing prices and in regulating output, they are at it again. I submit here a report of the Western Fiber and Manila Association, which, under date of November 5, 1908, has just advanced the price of manilas \$3 per ton as the result of combination. That is merely preliminary to the other

proposition. I submit also a report of the previous week of the Paper Trade Journal, giving a statement of a meeting of bookmen to discuss the unsatisfactory condition of the trade.

These gentlemen come here, not on oath, and make statements. I seriously combat the accuracy of any statement they have made to the effect that there are no combinations, no agreements, no arrangements, to restrict production or to fix prices.

I will speak, practically, for all of the newspapers. There has been somewhat of an understanding that I shall open, and that then the representatives of the American Paper and Pulp Association will present their side; and I hope that I may be given an opportunity, not to answer them, but where there are misstatements made, without going over the ground, to call the attention of the committee to them.

The CHAIRMAN. We will cross that bridge when we come to it. I am afraid it will be a good while from now before we get there. [Laughter.]

Mr. NORRIS. All right. In addition to myself, as representing the newspapers, there will be representatives of the four labor unions which are employed by newspapers, and which feel the effect of the increased price of paper.

In submitting the views of the American Newspaper Publishers' Association upon the paper schedule of the tariff, I will attempt to cover the proposition for free pulp and free paper in all its phases, including the deception of your committee and of Congress by the paper makers in 1896, the failure of the paper makers to give to labor any of the benefits of the protective tariff, the organization of paper combinations in restraint of trade, the destruction of our forests by them, and their gigantic speculations in woodlands. Newspapers have been made to bear undue burdens as a result of the advance in 1907 of \$12 per ton in the price of paper. Approximately 1,200,000 tons of news-print paper are used in the United States annually, costing consumers in excess of \$50,000,000 per annum. As a result of the unjustifiable advance of 1907, one paper, the Baltimore American, was taxed \$60,000 per annum. Another paper, the Philadelphia Inquirer, was taxed \$156,000 per annum. Preliminarily I call attention to the fact that because of a labor dispute between the International Paper Company and its employees, covering a period of three months, since August 1, 1908, the output of the market was reduced about 105,000 tons. This curtailment of production has been availed of by paper makers generally to mark up the price of news-print paper this week to \$55 per ton. New York, or \$20 per ton in excess of the price which prevailed when the Ways and Means Committee considered this schedule twelve years ago and \$15 per ton in excess of the price which would prevail under normal conditions.

Mr. UNDERWOOD. Mr. Norris, if it will not bother you, will you state before you make your argument, so that we can follow it along the line of your suggestion, what suggestion you make to the committee as to our future action on this proposition? Will you state what you desire us to do?

Mr. NORRIS. Let me explain that in a summary of about twenty minutes' duration I substantially cover all of the ground, including that particular point—

The CHAIRMAN. What Mr. Underwood wants to know is what amendment you suggest to the bill.

Mr. UNDERWOOD. I want to know what suggestion you make.

Mr. NORRIS. Free pulp, free paper, and reciprocity with Canada for free pulp wood, free paper, and free pulp.

The CHAIRMAN. That answers the question.

Mr. HILL. Do you mean to have all paper free, or just news paper.

Mr. NORRIS. News-print paper is the particular matter for which I appear.

Mr. HILL. And that is all for which you make any suggestion?

Mr. NORRIS. That is all for which I make any suggestion; but it is coupled with wrapping paper and other kinds of paper, because these mills which make the wrapping paper, which make manila, are equipped to make news-print paper; and when they come together in pools so as to artificially stimulate their production, there is an inducement for them to keep out of the news-print paper market. I will make special reference to that later.

The CHAIRMAN. I suggest that Mr. Norris go on and read his statement.

Mr. NORRIS. Please note that the publisher—not the laborer, nor the paper maker—is asked to pay this bill for industrial warfare. We will show from its annual reports that the International Paper Company, with all of its antiquated outfit and its five subsidiary companies that sap its earnings, has made an actual profit of \$8.79 per ton, or 29 per cent, upon all the paper it has turned out in ten years, and that its cost of production has been \$30.52 per ton, or \$1.51 per 100 pounds, and that its average price during the ten years which have elapsed since the passage of the Dingley bill has been \$43.91 per ton, or \$2.19 per 100 pounds delivered, an increase of \$11.91 per ton over the price at which paper was sold when the Dingley bill was passed July 24, 1897.

Paper can be made cheaper at Millinocket, St. Croix, and Berlin than in Canada. Labor is paid less here than in Canada, and we hold that the protective principle provided for in the Republican platform does not apply to paper, because of this treatment of labor by paper makers, and because of this cheapness of cost of home production as compared with foreign production. We will show that the Dingley bill increased the duty on ground wood 45 per cent (p. 866) and on news-print paper 46 per cent (p. 1165), and that the outcome of the present policy has been to increase imports of pulp and to decrease the exports of paper. There has been a transformation in the paper situation. Instead of exporting paper, we are importing pulp.

We will show that the import duty on news-print paper has not been productive of revenue and that it has furthered schemes of combination and criminal manipulation of the market. We are prepared to show that because of the import duty of \$6 per ton, the price of news-print paper in the United States has for periods been raised to a figure which was \$6 per ton above what it would have been under free conditions, and above what it should have been under conditions that assume respect for law. The paper-manufacturing business has been mismanaged, the burden of which mismanagement has fallen upon the publishers. We are embarrassed by the chairman's statement that the Government's figures and studies of the tariff are based on prices quoted by trade papers, which the chairman said on the floor

of the House—referring specially to news-print paper prices—are “as accurate as accurate can be.” We are prepared to show the utter worthlessness of such quotations, as well as the difficulty of establishing any fair standard of comparison, in determining the cost of production in the United States and abroad.

The CHAIRMAN. Mr. Norris, did not the chairman give the source of that information?

Mr. NORRIS. Sure——

The CHAIRMAN. Wait a moment. And did not Mr. North state that his source of information was from the trade journals, and did not the chairman state that at the time?

Mr. NORRIS. He did; but he also gave——

The CHAIRMAN. Then be fair, and state the whole thing.

Mr. NORRIS. But did he not also give it the authority of his position, and his office, and was it not stated on the floor of the House——

The CHAIRMAN. What he stated was that it was taken from the trade journals.

Mr. NORRIS. But Mr. Payne also said that these prices were “as accurate as accurate can be.” Now, I do not desire to quarrel with the chairman. I simply want to say, as a matter of fact, that the figures were not accurate.

The CHAIRMAN. The chairman was making a speech. The gentleman from Pennsylvania sat at the next seat, and when he commenced to speak on this subject the gentleman from Pennsylvania handed him the letter of Mr. North, which the chairman had never seen before, and the chairman presented that statement to the House; and he stand by what he said in reference to it—that that is the information that he had upon the subject.

Mr. NORRIS. I do not assume——

The CHAIRMAN. And no one was deceived; much less yourself or Mr. Ritter.

Mr. NORRIS. On the contrary. Do I understand that the chairman now says, or now assumes, or now thinks that those figures are as accurate as accurate can be?

The CHAIRMAN. The statement of Mr. North was accurate for what it purported to be. If the trade journals did not get it right, that is another instance of the very small number of cases in which the newspapers of the country make mistakes about statements of fact. [Laughter.]

Mr. NORRIS. But it is also an instance of the basis and character of information upon which Congress legislates without due inquiry as to the source or accuracy of information upon which it acts.

The CHAIRMAN. Congress was not acting at that time. It was simply debating upon a statement; but perhaps you had better go on.

Mr. NORRIS. Yes, sir.

We will point out the menace that hangs over the paper business by reason of the attitude of Canada. The increasing use of water power for electrical purposes as well as the threat of prohibition of the export of wood have tended to stop the building in the United States of new paper mills to meet the increasing consumption (p. 907). We will indicate how every material American interest may be promoted by a reciprocity arrangement with Canada and with Newfoundland, providing for free pulp wood, free pulp, and free paper.

We invoke your scrutiny of State Department records which would enable you to obtain an accurate list of the dates of meetings of American and Canadian manufacturers at the Place Viger Hotel, Montreal, and the names of the participants, for purposes which are obvious; also the membership of a combination of interests that center at Three Rivers, Canada, including the International Paper Company; also calling attention to a contract of 10,000 tons of Canadian news-print paper made at \$35 per ton for one year, beginning February 1, 1908, by the Belgo-Canadian Company, of Shawinigan Falls, with S. A. Cook, of Neenah, Wis., president of the Alexandria Pulp and Paper Company, of Indiana, which would have helped to relieve the shortage in the American market, but which was driven out of the country and delivered to Lloyd, of London and elsewhere, by threats of the New York paper men to destroy the trade of the Canadian mill in the event of its delivery in the United States. Summon Mr. Cook and ascertain from him how much he has paid toward a settlement of that transaction which contributed to maintain an artificial price for paper, and to tax every American publisher whose expiring contract was renewed. Also, how the Canadian government made a gift of 400 square miles to the Berlin Mills Company as an inducement for the building of a paper mill at La Tuque, Canada.

We are prepared to show that in 1907, at a time when the demand was large and production was overlapping consumption, that Mr. John A. Davis bought up over 20,000 tons of news-print paper and starved the market.

We will show that in 1907, when its total actual cost of making paper, including labor, had increased only 64 cents per ton, the International Paper Company, without jurisdiction, advanced prices \$10 and \$12 per ton.

We will show that the International Paper Company is producing 300 tons per day less of news-print paper than was produced by the mills which it consolidated, and that it has either sold, leased, stopped, or diverted to other uses more than 46 of the 111 machines which it originally acquired.

The paper makers lacked in appreciation of their obligations to Congress, because it is fair to assume that an industry which is an object of protection is bound to meet the wants of the consumers. The United States Steel Corporation has recognized this obligation by an expenditure of several hundred million dollars within a few years for new construction, but the International Paper Company, having decreased its daily output and restricted production, has proved itself unworthy of your consideration.

We are prepared to show the methods of high finance which capitalized at excessive figures a collection of antiquated mills located on exhausted water courses tributary to denuded forests. The International Paper Company is capitalized on a basis which is three times that of the cost of the St. Regis plant. It represents \$35,000,000 of watered capital which its customers must carry. On a capital of \$69,000,000 it does a business of \$20,000,000 per annum and requiring nearly three and one-half years to turn over its capital in manufacturing.

We will show you the depletion of our spruce supply and the absolute inability of the United States to provide for the needs of the

paper industries. We will show you the impossibility of meeting this situation by reforestation because of the time required to mature spruce forests, and because of forest fires, and because of taxes on standing timber.

We will show you that the International Paper Company and other beneficiaries of the tariff on pulp and paper have involved themselves in gigantic speculations in woodlands in Canada whereby money that should have been devoted to the expansion and betterment of American mills has been diverted to Canadian woodlands which can not be made available for use by present owners during the next thirty years. We will give details of the acquirement of over 12,000 square miles of tracts in the Province of Quebec alone.

The newspapers represented in the American Newspaper Publishers' Association are divided about equally between the two political parties. They represent many views on many subjects. They are substantially unanimous, however, in asking that the duty on pulp and paper be removed. The canvass made by the Mann committee shows that 715 newspapers replying to its inquiry, 651 favored the removal of tariff and 64 opposed, and that the Republican papers favoring removal outnumbered the Democratic papers which advocated removal.

Unlike all other subjects of tariff taxation, users of news-print paper can not pass along the burden to the consumer. The price of a newspaper, like the price of a postage stamp, is fixed. A publisher can not raise and lower his price when the price of news-print paper advances or falls. Neither is it possible to shift the burden to advertisers because of the methods of the paper makers who make long-time contracts with some newspapers at low prices, and refuse to make the same contracts with other papers. They also make contracts that expire at varying dates. As a result of this overlapping of contracts, it would be rarely, if ever, possible to shift the burden of increased cost to advertisers. In a city where a Hearst paper was paying \$37.60 per ton to the International Paper Company under a ten-year contract, do you think that another publication subjected to a \$50 per ton charge by the same company, could afford to raise its price or increase its advertising rates without the Hearst cooperation? Could it expect to obtain cooperation under such conditions? The proposition that newspapers increase their price as was urged by the general manager of the International Paper Company (p. 734) would mean this: That every purchaser would pay 1 cent per day additional, or \$3 per annum for approximately 20,000,000 copies per day, or \$60 000,000 in all. Thus it is proposed that the readers of newspapers should pay a tax of \$60,000 000 in order that a group of paper makers might take four or five million dollars from the pockets of the people through the publishers.

Newspapers are entitled to consideration from you upon that score even if you ignore the extraordinary function they perform in disseminating intelligence, in promoting knowledge, and in facilitating the work of government. Those citizens are the best citizens who are in complete touch with the work of administration and the furtherance of the newspaper's mission is worthy of your serious effort. An increase in the consumption of paper is due to the increasing intelligence of the people.

According to the best available information, it is calculated that all the paper mills have capacity to turn out about 14,885 tons per day, or 4,546,920 tons per annum, as follows:

	Tons per day.
News.....	4, 200
Book.....	1, 900
Boards.....	3, 300
Wrapping (manilla, fiber and straw).....	2, 850
Writing.....	1, 400
Roofing and sheathing.....	610
Tissue.....	290
Hanging.....	275
Blotting.....	60
Total.....	14, 885

Seven concerns practically control the output of 71 mills engaged in the manufacture of news-print paper. Their daily capacity may be computed at 4,342 tons per day, as follows:

	Tons per day.
International Paper Company.....	1, 416
Great Northern.....	450
Berlin Mills.....	225
W. H. Parsons & Co.....	170
H. G. Craig & Co., selling agents.....	500
Western interests formerly associated with General Paper Company.....	729
3 mills in Michigan and New York.....	120
Total.....	3, 610
Pacific coast (2 concerns).....	280
Mills not primarily devoted to news.....	301
Scattered in 7 States.....	365
Total.....	4, 556

In any contest with Canada, the publishers who pay for the paper must ultimately bear the burden of that struggle, not the paper makers who have exhausted the domestic supply of pulp wood. These paper makers have gone to Canada where there are from 200,000,000 to 550,000,000 acres of timber, largely spruce, and they have invested many millions in Canadian woodlands. The International Paper Company owns approximately four and one-half million acres, or nearly 7,000 square miles of Canadian and American tracts. The American paper makers are importing free of duty about 1,000,000 cords of pulp wood per annum. I am told that 23 important news-print paper mills in the United States get substantially all of their wood from Canada. The Ontario authorities, to block the scheme of countervailing duty which was incorporated in the Dingley bill, have prohibited the export of pulp wood cut from crown lands, and in that way they have deprived all the western mills of a cheap and ample supply of raw material. In the Province of Quebec, a tax of 65 cents per cord is imposed on all pulp wood cut from crown lands with a rebate of 40 cents if the wood is put into manufactured form in Quebec. Our courts have decided that that rebate arrangement constituted an export tax of 25 cents per cord on pulp wood and you have therefore imposed a countervailing duty under the provisions of the Dingley law upon all paper manufactured from wood cut on crown lands in the Province of Quebec. The burden of proving that it was not cut from crown lands is thrust upon the importer.

The Canadian paper makers and the Canadian authorities say they are annoyed by the attitude of the American Government. The Canadian paper makers are clamoring for the prohibition of the export of pulp wood from the Province of Quebec, as from the Province of Ontario. They have formally submitted their request to the Dominion government, and the pressure from them upon it is very strong. Serious consequences to American paper makers are imminent. Every American paper maker who testified before the Mann committee agreed that the prohibition of pulp-wood export by Canada would bring disaster to the trade. It would close many mills, and would force the manufacturer into Canada. The president of the American Paper and Pulp Association, David S. Cowles, on September 13, 1907, sent to all editors of American newspapers a circular letter calling attention to the Canadian threats and bewailing the possibilities of what he regarded as confiscation of American investments in Canada in the event of the adoption of the prohibitory programme. That document was printed in the records of the Mann committee, although an officer of the International Paper Company asked that committee to suppress its publication. (P. 2014.) That gentleman, Chester W. Lyman, who is assistant to the president of the International Paper Company, and who is an agent of all the paper makers, took an amazing position in another letter sent on the day of his request for suppression. (P. 2013.) He said there was an adequate supply of wood left in the United States and that there were undeveloped water powers in the United States sufficient for paper making purposes. He made this declaration notwithstanding the annual importation of nearly a million cords of pulp wood from Canada by the paper makers, and the investment of more than \$12,000,000 by them in Canadian woodlands. In other communications this representative argued that the paper makers were not primarily responsible for the rapid destruction of our forests; that paper makers took only 3 or 4 per cent of the total slaughter, and that the wicked lumbermen and the folks who started the forest fires were responsible for whatever damage had been done to the country's resources. Therefore, it would be inferred, it was not necessary for the American paper maker to go to Canada for his wood supply, and upon that proposition we have diametrically opposite views from the paper-mill representatives.

The Canadian government is awaiting your action before deciding upon its course. If you attempt to appropriate its pulp wood without some concessions to the manufacturers of that pulp wood, then you invite a trade war. Here, now, you have a distinct menace to an important industry—a menace that would carry serious consequences to the users of paper, causing violent disturbances in paper prices, and a paper famine. You would put a premium upon the destruction of more of our forests with all the baleful climatic conditions that follow such shortsighted methods. The reciprocal relations of the two countries are so extended and complex that the interests which both possess in mutual trade and the necessity imposed upon each side for amiable intercourse should induce everyone to approach this matter in a spirit of fairness and neighborly comity. Are we to tangle our railroad interchanges, our trade of two hundred and fifty millions per annum with that neighbor, in order that we may more quickly slaughter so much of our forests as remain? Are we to start upon a retaliation and industrial warfare to insure another

lease of opportunity for those groups of lawbreakers who have done violence to every sound principle of trade in their efforts to crush competition, to restrict production, and to impose upon the people a monopoly of an article that is essential to the dissemination of knowledge? I am not willing to believe that an American Congress will give heed to any such proposition. On the contrary, I believe that this committee would approve of any plan by which a solution of this situation would be reached. In the recent political campaign in Canada it was announced that the government would refer the proposition for an export duty on pulp wood to a commission for adjustment. Why not utilize the information and studies of your Select Committee on Paper and Pulp which has been digging into this matter for six months and arrange through the State Department for informal conferences? I am confident that, as a result of such action, you will recommend the plan outlined in H. R. 22237, introduced by Mr. Mann upon request, providing for reciprocity with Canada. That bill was prepared in the State Department and was passed upon in the Treasury Department. Its language is that of section 3 of the Dingley bill, with the substitution of pulp and paper for argols, etc. It follows the recommendation of President Roosevelt to Congress, and it adopts the safeguards and precautions suggested by the report of the majority of the Select Committee on Pulp and Paper Investigation, whereby American paper makers will be insured protection from hostile action by Canada in the event of the removal of any duty by you. In short, that Canada will not attempt to impose any export duty on pulp and paper and pulp wood in the event of the abolition of our import duty on pulp and paper.

The CHAIRMAN. Is that the bill introduced by Mr. Mann, of Illinois, by request?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. By request?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. I could draw a good deal better bill than that.

Mr. NORRIS. You will have to reframe the Dingley bill, then, because it is absolutely the language of section 3 of the Dingley bill, which I think you had some part in, and for which you are measurably responsible, certainly as to its phraseology.

The CHAIRMAN. I could make a bill that would insure much more protection against Canada than any provision of that kind.

Mr. NORRIS. But that means a trade war, and I doubt if even the chairman of this committee wants to invite or precipitate anything of that sort. I am quite sure he has no such disposition.

The CHAIRMAN. As to do what?

Mr. NORRIS. As to invite or precipitate a trade war with Canada.

The CHAIRMAN. Certainly not.

Mr. NORRIS. Certainly not.

The CHAIRMAN. We are agreed on that entirely. I do not think there is any danger of that.

Mr. NORRIS. Well, we must carry the load, if there is danger. With your ideas about it, if you should so decide, we must bear the consequences.

The CHAIRMAN. You do not know what my ideas are about it.

Mr. NORRIS. I have no doubt that before we get through to-night you will be for free pulp and free paper.

The CHAIRMAN. And you will be disappointed, as you usually are. [Laughter.]

Mr. UNDERWOOD. The suggestion was made to-day that when this bill comes out of the committee it will probably come out in the shape of a maximum and minimum tariff bill. What have you to say on that subject, in the light of that statement?

Mr. NORRIS. Will you permit me first to take up the division of "labor," and of "wood and forestry," and then of the tariff, and then of combinations, so that I may cover the points which I understand were deep in the chairman's mind, that labor must be protected and that the cost of production must be insured?

Mr. UNDERWOOD. Certainly.

LABOR.

Mr. NORRIS. Simple arithmetic will determine the question whether or not the paper makers have given to labor any share of your tariff benefaction. In New York State, which is the largest paper-making State in the Union, the state bureau of labor (p. 359) gathered reports in 1906 from every branch of organized male labor in that State, and the figures showed that 2,786 organized workers in "paper and paper goods" received less than any other class of organized labor (exhibit). Paper workers received an average of \$10.94 per week, or \$1.82 per day, for skilled and unskilled labor combined. The proportion of skilled labor receiving \$3 per day was less than 9 per cent of the total number employed.

In the State of Massachusetts in the year 1905 (see p. 371) 13,364 persons engaged in the paper industry received an average of \$9.06 per week, or \$1.51 per day, and in the year 1906 they received an average of \$1.53 per day.

In the State of Wisconsin (p. 703) 44 establishments, employing 5,384 persons, reported that the average yearly wage was \$462.01, equaling \$1.48 per day, and for 1907 the pay was less than in any one of the three years preceding.

The Bulletin of the Bureau of Labor at Washington, for July, 1907, on page 3 (pp. 372 and 719 of Hearings) shows that of 41 industries employing 334,107 persons whose earnings were reported the only industry in which the pay of labor had been reduced in 1906, as compared with 1904 and 1905, was paper. The hours of labor in that industry were also increased in that year.

The census report for 1905 shows (p. 372) that 65,694 persons employed in the paper trade received an average of \$9.32 per week, or \$1.55 per day.

The paper makers based their increase in price of news print paper to \$50 per ton in 1907, upon the representation that the cost of labor had been increased 50 per cent by reason of the change of tours from twelve hours per day to eight hours (p. 733). It now appears by the records of the American Paper and Pulp Association (p. 1743) that only 29 mills had changed to the three-four eight-hour system and that 215 had continued on the twelve-hour basis.

The data submitted by various paper companies throws an interesting side light on the relative pay of labor. At the Hudson River

mill of the International Paper Company the cost of labor per ton of paper produced was \$1.13 per ton less under the eight-hour system than under the twelve-hour system, and that fact taken in conjunction with others found in the reports of the paper companies would confirm the belief that better paid labor is the cheaper labor in the long run.

The Remington-Martin Company figures of labor cost for the year 1907, while approximating those of the International Paper Company for the same year were less than in the year 1906, when the twelve-hour system prevailed. The total cost of labor in all of the mills of the International Paper Company in the year 1907 under the 3-tour system increased only 34 cents per ton over the cost of 1903, and only 66 cents per ton, or 8 per cent (not 50), over the cost of 1905, when the twelve-hour system prevailed (p. 1977).

The cost sheets submitted by various paper companies to the Mann committee for the year 1907 showed extraordinary discrepancies, as follows:

	Labor cost per ton.
Gould (New York) mill, 12-hour system.....	\$8.53
Cloquet mill (Minnesota), 12-hour system.....	11.57
Park Falls (Wisconsin), 12-hour system.....	10.56
Remington-Martin (New York), 8-hour system.....	8.53
International Paper Company (New York and New England), 8-hour system.....	8.52

It would appear from these figures that the western paper mills could not make paper as cheaply as eastern mills, and the eastern mills, working on the eight-hour system could show a saving of from \$2 to \$3 per ton in the comparisons. It is possible that the excessive labor cost of the western paper mills is due to the fact that they employ boys to operate their paper machines. The Mann committee in its visits to over 19 paper mills in Wisconsin and Minnesota found very few grown men. It saw many 15-year-old boys who were working thirteen hours for six nights. At one mill, Combined Locks (p. 2103), the night force worked fourteen hours. Two 15-year-old boys at one mill in Neenah, Wis., were working as members of the crew on a paper machine at the rate of 8½ cents and 10 cents an hour, respectively. Workers in George A. Whiting's mill at that place received pay varying from 90 cents to \$1.10 per day. Women, who were sorting rags, were paid \$4.50 per week by men who pose as leading citizens. Paper-mill workers in the Fox River Valley were paid 14½ cents per hour for sixty-five hours per week, or \$9.52 per week.

Mr. Cowles, the president of the American Paper and Pulp Association, had declared to Congress that the cost of labor in the paper mills had increased from 30 to 70 per cent in ten years, and that a large part of this increase had taken place in past two years; but when the labor cost figures of his own mill were dissected it appeared that the labor cost was 12.21 cents per 100 pounds in December, 1906, under the twelve-hour system, and 12.68 cents in December, 1907, under the eight-hour system, an increase of less than 4 per cent (not 30 nor 70) in his mill. Comparative tables printed in the Paper Mill of July 6, 1907, showing the operations of a typical paper mill in the West, disclosed the fact that its labor cost had increased less than 2 per cent in ten years. There were numerous factors that contributed to keep down the cost of producing a ton of paper. The width

of machines had increased in ten years from 100 and 120 to 150 and 160 inches; their speed had increased from 350 and 400 feet to 550 and 600 feet. The daily product of a paper machine had been increased from 20 tons to 45 tons. The labor mill workers contend, and with some justification, that the pulp mill will grind more pulp when the men work eight hours than when they work twelve hours.

Upon the question of the comparative pay of paper-mill labor in the United States and Canada, I refer you to the statement of George Chahoon, jr., manager of the Laurentide Paper Company, of Canada (p. 805), and of Mr. Carl Riordon, of the Riordon Paper Mills, of Merriton and Hawkesbury, Ontario (p. 805), and of Mr. F. B. Lynch, of Minneapolis, who testified in October, and of Mr. Cowles, president of the American Paper and Pulp Association (p. 908), all of whom said that the Canadian mills pay as high and higher wages than are paid in the United States. Practically all skilled labor in these mills comes from the United States, and the inducement of higher pay must be made to attract them there.

In comparing relative pay with Canada, Mr. Cowles said: "If anything, I should say that labor is higher in Canada than it is in the United States."

The CHAIRMAN. Do you mean skilled labor?

Mr. COWLES. I mean skilled labor and cheap labor, both. That was not formerly so, but it is so to-day. That is my own experience and my own observation.

Consul Worman, of Three Rivers (p. 1991), reported to the State Department that "labor in the Canadian mills is as high as in the United States, yea, oftentimes even higher. The skilled mechanics are Americans who receive higher wages as an inducement to leave their home and country."

More than 100,000 newspaper employees have sent appeals to Congress and the President asking for the abolition of the duty on pulp and paper. Upon what theory can you claim to give protection and benefactions to paper-mill employees who do not treat their labor properly, while you refuse it to newspaper publishers who pay to their employees an average wage that is about three times the amount paid by the paper makers? The entire amount paid to paper-mill labor producing news-print paper will not exceed \$9,000,000 per annum. Yet the paper makers who profess such anxiety for their labor ask you to add to the losses of compositors, pressmen, and stereotypers, and photo-engravers, whose enforced idleness in the last year, partially because of the high price of paper and its reduced consumption, will more than equal the total pay of these paper-mill employees.

Instead of giving to labor the rewards which protection was designed to confer, the paper makers have treated their labor worse than any other industry has done. Since the 1st of August, 1908, a protracted struggle was carried on between the International Paper Company and its employees over a question of a reduction of 5 per cent in wages—the contest entailing a loss in labor and other items exceeding \$1,000,000, all of which must ultimately be borne by the newspaper publishers, under the provisions of your tariff schedule.

WOOD.

I now approach the subject of wood and forestry.

In presenting estimates of standing timber in the United States, I do so with misgivings of the accuracy of every government estimate

in that direction. Two recent experiences of the worthlessness of such statements make me incredulous of all of them. Subject to this reservation, I state that spruce constitutes 70 per cent of the wood used in paper making. Government reports of 1906 declare that the State of Maine supplied over one-third of the spruce used, and more than double the quantity furnished by its closest competitor, the State of Washington. The spruce of New York State has fallen off recently, and that of New Hampshire and Vermont has decreased about one-half since 1899. These four States in the Northeast furnished 60 per cent of the timber, Washington and Oregon 20 per cent, the Virginias 10 per cent, and the rest of the country 10 per cent. The State of Minnesota, about whose supply of spruce much has been said, supplied only one-sixtieth of the total cut. About three-fifths as much spruce was used for pulp as for lumber in the United States in 1906. Paper makers cut over 1,830 square miles every year to provide wood for pulp and paper mills. We import from Canada for the same purpose the timber from 338 square miles, so that our paper mills strip altogether 2,168 square miles every year. Of this stripping, approximately one-third, or 700 square miles, is for mechanical ground wood and two-thirds, or 1,400 square miles, is for chemical pulp.

New York State consumes over a million and a quarter cords of wood in the manufacture of pulp, or more than twice as much as Maine, which ranks next. The amount of pulp wood used in the United States in the calendar year 1907, reported by 250 mills, was approximately 4,000,000 cords. (See p. 1428 of Hearings.) Forty-five per cent of this quantity was domestic spruce and 23 per cent spruce imported from Canada. Fifteen per cent was hemlock, 9 per cent poplar, and 8 per cent was said to be made up of pine, cottonwood, balsam, and other woods.

The Census Bureau has pointed out (Bulletin 77) that the inroad into the remaining supply of spruce is rapid, and that the concentration of much of the stand into extensive holdings of pulp manufacturers explains a substantial rise in the cost of lumber stumpage. I hesitate to give estimates of standing spruce, because estimates and conditions vary widely.

The fact that the principal users of spruce have bought over 12,000 square miles of timber tracts in the Province of Quebec alone would indicate their fear of a shortage, though evidences of a gigantic speculation in woodlands are numerous and strong. The International Paper Company, with approximately 7,000 square miles, or four and a half million acres, of timber lands under its control, turns out about 1,600 tons of paper per day. The vice-president of the Great Northern Paper Company has laid it down as an accepted formula of the trade that 1,000 acres of spruce will produce perpetually enough wood to turn out one ton of paper per day. Forester Pinchot (see p. 1370 of Hearings) was inclined to look upon this basis of computation as correct. Applying the formula to the International Paper Company's holdings, it would appear that that company has acquired about three times the area necessary for a perpetual supply on the basis of its present production. If the company should cut its pulp-wood supply from its own lands, there might be some justification for a contention that that immense acreage was necessary to safeguard its future supply. But it cuts from its own lands only 25 per cent of the wood it uses (see p. 1055 of Hearings),

buying 75 per cent upon the market. It therefore cuts only one-twelfth of that which its acreage would permit, and it is obviously engaged in the business of speculating in woodlands instead of making paper. A confirmation of this view of its methods is shown in the statement it submitted to the Mann committee (see p. 1029 of Hearings), wherein it claimed that it had woodlands worth \$13,493,315, though its annual statement for June 30, 1908, placed the book value, and assumedly the actual cost value, of these woodlands at \$3,697,560, showing an estimated profit of nearly ten million dollars on that speculation. Every purchaser of paper from that company is forced to pay approximately $2\frac{1}{2}$ cents per 100 pounds as a contribution toward the carrying charges of that venture. Incidentally, I may point out that in the valuation of its properties (see p. 1029 of Hearings) it claimed that it had 194,592 horse-power of undeveloped water powers which it valued at \$9,729,600. Here is another venture to which paper users must contribute for carrying purposes, these undeveloped water powers and these vast timber tracts having been acquired to stop others from competing with it in the manufacture of paper.

Mr. HILL. May I ask if you refer to the 35,000,000 of which you spoke a while ago as undeveloped water power?

Mr. NORRIS. Oh, no—no! That has been worked to the limit.

The worst phase of its business is the use of adjunct companies to hide its actual operations. It buys much of its wood from the St. Maurice Lumber Company, in Canada, which it owns and controls. It has three or four adjunct companies in the United States and Canada which completely baffle an audit of its wood accounts. These adjunct companies are: St. Maurice Lumber Company, Champlain Realty Company, Michigan Pulp Wood Company, American Realty Company, and Miramichi Lumber Company.

In shipping pulp wood from Canada it has not had any incentive to undervalue the export because there was no duty upon it. For years, the International Paper Company has been certifying to the Canadian government that the pulp wood shipped by it from Canada to the United States was valued at less than \$5 per cord. The values fixed by paper makers upon all the pulp wood sent out from Canada have been as follows:

	Per cord.
1905	\$4.38
1906	4.31
1907	4.37

These figures, which show an actual reduction in value in 1907 as compared with 1905, throw doubt and suspicion upon that company's figures of cost and profit, and suggest an inquiry into the relations of the subsidiary company to the parent concern. Indeed, they may affect its cost figures at some mills to the extent of \$3 per ton, and disprove the claim of increased cost of wood. I am unable to fathom the purposes of a management which pays high prices to outsiders for its wood supply while refusing to cut timber from its own cheap lands, which are inventoried at less than \$1.70 per acre. Neither can I understand the craze for woodlands which it developed in the year 1907, because (see p. 488 of Hearings) in fourteen months prior to January 1, 1908, it acquired 2,000 square miles of additional acreage.

Altogether, the International Paper Company had cut 6,418,512 cords from timber lands in Canada to January 1, 1908.

In the State of New York the International Paper Company has 400 square miles (see p. 1124 of Hearings) of spruce, of which 100 square miles is virgin timber. In Vermont it has 121 square miles (see p. 1130 of Hearings), and in New Hampshire 200 square miles, of which 80 square miles is virgin timber. For some extraordinary and unexplained reason the International Paper Company is allowing that virgin timber to remain uncut. A virgin forest never grows. Every dictate of good forestry would suggest the propriety of cutting out the mature timber and thereby gaining 4 or 5 per cent per annum from the growth of that which is allowed to remain. The policy of the International Paper Company in these matters is beyond explanation. Certainly, the users of paper are made to suffer by reason of the withdrawal of these vast areas from the market and the inevitable increase in the cost of stumpage. The officers of the paper company comfort themselves with the reflection that lands which were reported to be worth \$10 per acre ten years ago are now worth \$27.50 to \$30 per acre (see p. 1131 of Hearings), but those valuations are purely fanciful and are the results of the artificial stimulation which pulp manufacturers have given to values. Eight or ten paper makers own over 1,140 square miles of spruce forests in the Adirondacks.

The International Paper Company has 400 square miles; Finch, Pruyn & Co. (affiliated with the International Paper Company), 220; Gould Paper Company, 170; St. Regis Paper Company, 100; Racquette River Company, 140; Schroon River Paper Company, 16; J. & J. Rogers Paper Company, 47; Dexter Sulphite Company, 47; hunting preserves for individuals, 1,500; New York State Forest Reserve, 2,700; a total of 4,340.

It is obvious that the prohibition of the export of pulp wood from Canada would mean the prompt destruction, not of 2 or 3 per cent of our forests, as paper makers would have us believe, but of 25 per cent, or 1,100 square miles, of the Adirondacks.

Mr. Pinchot estimates (see p. 1357 of Hearings) that the available supply of pulp-wood timber in the United States will last as follows: New York, eight and one-half years; Pennsylvania, nine years; Minnesota, nine years; Vermont, eleven years; New Hampshire, twenty-five years; Maine, twenty-eight and one-half years.

I am not authorized to say what the Mann committee found when it undertook to ascertain the possibilities of reforestation. I know it went to the West, where the supply from Ontario had already been stopped and where sawmills had been abandoned because owners found the Ontario law made relocation necessary on the north side of the Georgian Bay. Practically all spruce in Wisconsin has been cut out. In Minnesota the spruce was found to be exceedingly small in size and requiring from one hundred to one hundred and twenty-five years to reach maturity and a diameter of 10 inches, whereas in the State of Maine the pulp men say they do not cut anything less than 14 inches. A visit to paper mills in Wisconsin and Minnesota disclosed a ridiculous aspect to their pulp supply. In many cases they are adjuncts of lumbering operations, as shown by Mr. Weyerhaeuser's investment at Cloquet and the Walker-Nelson investment at Little Falls. Disks cut from pulp wood in Minnesota mills showed that the

6-inch pulp wood counted 65 rings. Much of the wood was less than that diameter, and Mr. Mann brought back from Cloquet a specimen piece of pulp wood no larger than a baseball bat, which had been prepared for the pulp grinder. To reach bodies of spruce that would average 10 inches the committee passed through miles upon miles of burned forests, some burned in the spring of 1908, some in the fall of 1907, and some in the spring of 1907. It was admitted by the lumber cruisers who accompanied the committee that the fire in the spring of 1907 had been started by the lumber men to burn up their slashings and had become too much for them.

When Mr. Weyerhäuser, of St. Paul, the largest lumber operator in the country, was asked about the possibilities of reforestation, he said that it was impossible for individuals because of the constantly recurring forest fires and because of the time required to mature the trees, and because of the taxes on standing timber which would eat up the principal before the new growth could reach maturity.

Forester Pinchot submitted to the Mann committee tables based on actual measurements of timber in different parts of the United States to establish the fact that from twenty-five to forty years must elapse before a second crop of spruce timber could be obtained, and that period was dependent upon the observance of forestry conditions and a restriction of cutting to 10 inches minimum. To obtain spruce from seeds planted in the forests would require between seventy-five and one hundred years. Mr. Pinchot stated that the cutting of pulp wood in the United States was destructive rather than conservative because large and small timber is taken and little is left for a future crop. Testimony given to the Mann committee showed that in the West lumbermen cut everything clean, leaving nothing to grow for the second crop. Many States are putting a premium upon the destruction of their forests by taxing the standing timber. In Montana, it was stated the Government had adopted regulations which promoted this butchery. It will be necessary to move paper mills across the border or to the Pacific coast where there are supplies of spruce, if policies advocated by paper men inviting the prohibition of pulp wood from Canada are adopted.

In estimating the Canadian supply upon admittedly indefinite data of the two countries, Mr. Pinchot calculated that Canada had from two to three times the amount of spruce pulp wood that we have in this country (p. 1357). Canadian pulp-wood estimates vary. Broadly speaking, it has been claimed that there are spruce forests extending from Cape Hamilton, in Labrador, to the Yukon, and from the St. Lawrence north to Hudson Bay; that if the United States did not cut another stick of pulp wood for 200 years, and the Canadian trees should stop growing and remain in their present condition, there would be enough pulp wood available to keep us going for more than 200 years. Dr. Robert Bell, of the geological survey of Canada, says the forest areas of Canada measure 2,600,000 square miles, of which half are in pulp wood. This area computed on the basis of four cords of pulp wood to an acre would yield six and one-half billion cords, which would be enough to last the United States for 1,500 years on the basis of present consumption.

R. H. Campbell, superintendent of forestry of the Dominion government, calculated the forest area of the Dominion at 840,000 square miles, divided as follows:

	Acres.
British Columbia.....	182,000,000
Manitoba, Saskatchewan, Alberta, and unorganized territories....	180,000,000
Ontario.....	40,000,000
Quebec.....	120,000,000
New Brunswick.....	7,500,000
Nova Scotia.....	5,000,000

Consul Worman, of Three Rivers, said there were 745,000,000 cords of pulp wood in the Province of Quebec alone. Americans were the first to organize milling companies to build sawmills in that consular district. Their operations have continued to this day, and with three exceptions, the lumber industry of Three Rivers may be said to be in the hands of Americans or controlled by American capital. Besides the mills in Three Rivers, there are ten or more large mills along the north and south shores, many of which are controlled by American capital, and exporting their products to the United States principally. American paper companies own more than 12,000 square miles in the Province of Quebec and in the list may be included the following:

	Square miles.
International Paper Company (in one of four land offices)	2,597
Berlin Mills.....	2,402
Union Bag and Paper Company.....	2,200
W. & M. J. Clarke, of New York.....	702
Saguenay Lumber Company.....	407
Bayless Pulp and Paper Company.....	475

In addition to timber holdings, Americans are interested in water powers on the Miramichi, Jacques Cartier, and St. Maurice rivers.

Consul Smith, of Victoria, says American syndicates seem to be successful in securing the bulk of the standing timber in British Columbia in spite of the keen rivalry of eastern Canadians. He said: "It is noteworthy that most of the large investments by Americans in British Columbia timber lands have been made by wealthy lumber men who now own or have made their money in large manufacturing enterprises in the Eastern and Middle States. They have literally poured their money into British Columbia, because, as several have declared to the writer, they regard the timber lands in this Province as the last that can be secured at nominal rates on this continent. As Wisconsin and Michigan forests were forty years ago so are the timber lands of British Columbia to-day." There is an item in the Daily Consular and Trade Reports, issued by the Bureau of Manufactures, for Monday, September 9, 1907, headed "Lumber in British Columbia," which seems to me incredible, because of the vast area to which it refers. It states on the authority of Consul L. E. Dudley, of Vancouver, British Columbia, that "a St. Paul, Minn., company (presumably Weyerhaeuser) purchased 261,000 square miles of timber lands, partly on Vancouver Island, the remainder upon the mainland, paying about \$5,000,000 for the same, and proposes building six large sawmills at once. One American is said to have realized more than \$1,000,000 profit upon his holdings acquired in the last few years. The provincial lands are not sold, and all logs cut upon

such lands must be manufactured within the Province. The lands now changing hands by sale and purchase came into private hands before the enactment of the law now in force."

Consul Shott, of the Sault Ste. Marie district, reported that nine of eleven large sawmills in his district were owned by Americans and that fully 85 per cent of all the forest product of that district was manufactured by Americans.

At the annual convention of the Canadian Manufacturers' Association held in September, its president, Hon. J. D. Rolland, affirmed the accuracy of the estimates of the Dominion superintendent of forestry and said the total was enough to keep Canadian mills going three hundred and eighty-one years. He said that if the United States were compelled to build mills in Canada or to buy paper there, it would represent over \$500,000,000 additional capital in Canada. At that meeting the following resolution was adopted by the association:

The pulp and paper section of the Canadian Manufacturers' Association beg to report that at the various meetings of this section held since last autumn the members have been unanimous in the opinion that the government of Canada be requested to preserve the forests and conserve the pulp wood of this country by prohibiting the exportation from Canada of pulp wood, and they ask the earnest assistance of the association in their behalf.

The data here given covering comparisons of timber supply and the menace to American interests should impel the American Congress, solely upon considerations of enlightened self-interest, to arrange promptly with Canada for terms that would be mutually advantageous.

I now come to the section devoted to the tariff.

TARIFF.

The paper makers and Congress have publicly declared that the Dingley law did not increase the duty on paper. I propose to show that the duty on paper was increased in 1897, the date of the passage of the Dingley bill, from \$4.11 per ton on a basis of 15 per cent ad valorem, to \$6 per ton specific, an increase of \$1.89 per ton, or 46 per cent, and that the duty in the year 1907 would have been \$5.40 on the ad valorem basis if the previous law had prevailed, an increase of 54 cents per ton, or 12 per cent. Also that the duty on mechanically ground wood was increased from an ad valorem basis of 10 per cent, or \$1.15 per ton, to a specific duty of \$1.67 per ton, or 45 per cent increase.

Unbleached pulp was increased from 10 per cent ad valorem to \$3.33 per ton specific; bleached pulp was changed from 10 per cent ad valorem to \$5 specific.

The paper makers had failed to point out to you that the duty was based, not upon the price of the paper delivered at destination, but upon the selling price at point of shipment. When Mr. William A. Russell appeared before your committee on December 31, 1896, the price of news-print paper was \$35 per ton delivered in New York, or \$30.40 per ton f. o. b. mill, which at 15 per cent ad valorem would then have fixed a duty of \$4.56 per ton. The paper makers then asked you to raise it to a specific duty of \$6 per ton.

I will repeat that for the benefit of the Chairman, merely because it may recall a personal experience. When Mr. William A. Russell

appeared before your committee on December 31, 1896, the price of news-print paper was \$35 per ton delivered in New York, or \$30.40 per ton f. o. b. mill, which, at 15 per cent ad valorem, would then have fixed a duty of \$4.56 per ton. The paper makers then asked you to raise it to a specific duty of \$6 per ton.

In July, 1897, within a few days of the date of the passage of the law, I bought 3,000 tons of news-print paper from the Hudson River mill at a price of \$32 per ton, delivered in New York, or \$27.40 f. o. b. mill, which at 15 per cent ad valorem would have required a duty of \$4.11 per ton, and you fixed a specific duty of \$6 per ton, an increase of \$1.89 per ton, or 46 per cent.

I understand that no one denies that the duty on mechanically ground wood or unbleached pulp was raised. However, it might be well to refer to the report of the Treasury Department (p. 866 of Hearings), which proves that the mechanically ground wood imported in 1897 was valued at \$11.55 per ton, thereby establishing the point that the ad valorem duty at 10 per cent in 1897 was \$1.15, and that it was raised at that time to a specific duty of \$1.67 per ton.

The duty on print paper did not produce any material revenue to the Government, the average collection of duties on news-print paper for ten years, since the passage of the Dingley bill, having been \$9,365 per annum. The importations for each year were (see p. 880) as follows: 1898, no paper imported; 1899, no paper imported; 1900, 86 tons; 1901, 18 tons; 1902, 49 tons; 1903, 20 tons; 1904, 1,890 tons; 1905, 3,316 tons; 1906, 1,788 tons; 1907, 8,733 tons.

In six of the ten years it may fairly be claimed that news-print paper was not imported; and it is obvious that under such circumstances the duty on news print can not be regarded as a revenue tax. Practically no news-print paper has been imported into the United States except on emergency consignments.

Mechanically ground wood for the five years reported by the Treasury Department (p. 866) averaged 67,846 tons per annum, yielding an average revenue of \$117,508 per annum.

Chemically bleached pulp was not imported (see p. 866). The importations of unbleached pulp for five of the ten years of which the Treasury Department furnishes a record averaged 31,000 tons, yielding an average revenue of \$108,000 per annum. This importation of unbleached pulp carries with it a startling story of tariff demoralization.

Every result that was aimed at in the paper and pulp schedule, so far as it applies to the news-print business, has been reversed. The importations of mechanical pulp at the end of ten years are seven times as great as they were in 1898 (see p. 866), and our exports of news-print paper have diminished. The table furnished by the head of the export department of the International Paper Company (p. 1165) reveals a complete collapse of its foreign business because of conditions it had fostered at home. When you considered this paper schedule in December, 1896, Mr. Warner Miller told your committee that the primary purpose of any consolidation would be the exploitation of foreign trade. Subsequently, when the International Paper Company was formally organized, in January, 1898, Mr. Hugh J. Chisholm painted for the American Paper and Pulp Association a beautiful word picture of a proposed invasion of the world's markets.

He counted \$61,000,000 worth of paper business awaiting the American touch. He pictured the genius of our manufacturers, and he proposed to tap the golden hoard; but we find to-day that the International Paper Company has abandoned all the trade which years of effort had accumulated, and we are no nearer the foreign goal to-day on news-print paper than we were ten years ago. Our export trade of wood pulp has dwindled to half of what it was ten years ago; and a great part of that news-print paper export which now appears in the Treasury records represents, not a business based on the sound principles of growth, but a purely artificial propagation, fostered by drawbacks and paid by the United States Government to the International Paper Company upon wood pulp brought into the United States and Canada and converted into news-print paper for export, with comparatively small advantage to American labor. The head of the foreign department of the International Paper Company estimated these exports at 17,000 tons, though the Treasury figures (see pp. 693 and 1005) failed to reveal that quantity. Those drawbacks for exportations were particularly grievous under the circumstances, because the company was taxing local consumers heavily for the paper it sold to them under the plea that it did not have enough paper to go round. To that extent the Government was placing a premium upon the paper famine, though a New York speculator was the principal doer of harm in that direction.

Turning to the study of the cost of production, we find a variety of material on which to base a comparison. On February 18, 1907, Mr. J. R. Booth, of Ottawa, sold paper to the International Paper Company at \$33 per ton (p. 1157). The Laurentide Paper mill made apparent profits of \$500,286.97 during that year on all its business, but this included lumber. Other Canadian mills sold at \$35 per ton f. o. b. mill.

In the summer of 1897, shortly before I had bought 3,000 tons, to which I have referred in computing the raise of 46 per cent on duty, I bought from the Glens Falls mill, New York, 40,000 tons of news-print paper for the New York World at \$33 per ton, delivered in press room, New York, or \$28.40 f. o. b. mill, which figure included mill profit. The fact that there were profits in the operation of that mill is shown by the millions bequeathed by the men who owned and ran it. I then estimated that the cost of production at that mill, at that time, was about \$24 per ton.

On April 14, 1904, the International Paper Company sold 900,000 tons of news-print paper to the Hearst publications under a ten-year contract at a price of \$37.60 delivered in New York, Chicago, and Boston. This price was equivalent to \$33 f. o. b. mill, and included profit for the company.

In the years 1906 and 1907 the cost of production at the Hudson River mill of the International Paper Company was \$27 per ton (p. 705). In studying cost, the point should be noted that the Hudson River mill supply of wood comes from Canada. It is brought by rail from preparing mills in the St. Maurice River at a cost for transportation of \$3.50 per cord of wood or per ton of paper, whereas other wood of the same company cut in the Adirondacks is put into the Hudson River and is floated past this mill to other plants of the company at Glens Falls and Fort Edward with very little cost for transportation. Then, too, wood has been shipped by canal and Lake

Champlain from Canada to those mills; but for some unexplained reason it has been sent entirely by rail to the Hudson River mill.

The annual reports of the International Paper Company (p. 1211) indicate earnings as follows:

	Gross income.	Expense.	Earnings.
1898-1899 (17 months).....	\$20,956,221	\$17,061,046	\$3,895,175
1899-1900.....	18,707,635	15,581,759	3,125,876
1900-1901.....	20,711,902	16,750,245	3,961,657
1901-1902.....	19,719,420	16,818,225	2,901,195
1902-1903.....	20,142,771	16,529,310	3,613,461
1903-1904.....	20,304,514	17,150,531	3,153,983
1904-1905.....	20,908,606	17,640,198	3,268,408
1905-1906.....	21,837,816	18,679,290	3,158,526
1906-1907.....	21,841,484	19,000,016	2,841,470
1907-1908.....	20,716,304	17,873,134	2,838,170
Total for 10 years and 5 months.....	206,846,735	173,068,760	32,757,975
Average per annum.....	19,761,287	16,616,521	3,114,766
Improvements improperly charged to cost per annum.....			1,000,000
			4,114,766
Deducted for taxes and insurance.....			188,800
Net earnings per annum.....			3,955,966

The output for the International Paper Company for ten years has averaged less than 450,000 tons per annum. According to President Burbank (p. 716) the company has been spending \$1,000,000 per annum on "improvements." The company is including that expenditure for improvements in its cost of production total. After allowing for taxes and insurance as part of the cost, we find that the annual profit has averaged \$8.79 per ton on a basis of 450,000 tons of annual production, and that the manufacturing profit has been 29 per cent on cost f. o. b. mill; that the average price for paper delivered has been \$43.91 per ton, or \$2.19 per 100 pounds, or \$11.91 in excess of the price at which I bought paper when the Dingley bill passed. Further, that the average cost of production has been \$35.12 per ton delivered, or \$30.52 f. o. b. mill. The company's figures of cost are based on juggled bookkeeping, which added at least \$3 per ton for cost of wood at many mills, and the figures are also based on the production of many mills which are antiquated and unfit for news-print paper purposes and upon a costly method of assembling raw material whereby 7 sulphite plants supply 15 news mills. A properly balanced mill should have grinders and sulphite digesters and paper machinery concentrated at one place.

In ten years the International Paper Company has shown a distinct recession in its position. That \$60,000,000 corporation has not displayed intelligence in its management. It has attempted to combat every law of trade and it has failed. A company whose business is run on the basis of secrecy and lying and deceiving its customers is doomed to disaster. The day will come when its bondholders will change its policies and methods and make paper at less than \$24 per ton and meet all customers in the markets of the world on even terms at open prices, free of all combinations, doing business on a cash basis, standardizing its output, selling its undeveloped water power, cutting wood from its own lands, disposing of the acreage it does not need,

encouraging trade schools, and revolutionizing the methods of its selling department.

When the company had an opportunity in 1905 to borrow \$5,000,000 on bonds, it spent the proceeds, and it took another plunge promptly into a \$5,000,000 floating debt. Its managers had put a premium upon competition because of their methods. They seem to be unable to take care of the property; and they beg the Government to help them maintain its impossible policies. It is a giant shackled by stupid servants; but may it not be that a corporation invites speculation with its possessions when it puts its officers in the atmosphere of Wall street?

The Great Northern Paper Company is selling to the New York World and to the New York Herald at prices which, including profit, net it about \$31.40 per ton at the mill. I have been credibly informed that the Great Northern Paper Company, even with those low contracts on its books, was making a profit of \$4,000 per day on an output of 400 tons per day, or \$10 per ton profit. If we assume an average price of 2 cents per pound, or \$40 per ton, delivered, on all of its contracts, and a cost of 23 cents per 100 pounds, or \$4.60 per ton, for marketing its paper, we will find a production cost of \$25 per ton.

American news-print paper sold in Sheffield, England, last year (p. 2020), on a basis of \$39 per ton of 2,000 pounds, f. o. b. New York, while selling to New York customers at \$50 per ton. In April, 1904, we called the attention of the Judiciary Committee of the House to the action of the International Paper Company in selling paper for London on a basis of \$35 per ton f. o. b. New York while charging local customers \$45 per ton; and when I told the Mann committee that that same corporation had been selling abroad at lower prices than it had sold to domestic customers, it cunningly evaded the point by furnishing, not its actual prices for special markets abroad at particular periods, but it gave an average price for each year (p. 1980). Even upon that table it admitted that in two years, 1903 and 1904, it obtained a lower price for foreign business than for domestic supply.

I have eminent authority for the statement that American mills can make paper cheaper than Canadian mills. I refer to Sir William Van Horne, the president of the Laurentide Paper Company, of Canada, which produces 160 tons of news-print paper per day, or double the quantity that all Canada uses. He said the advantage of the American mills over the Canadian mills was as follows: A supply of skilled labor, cheaper coal, adequate home market, cheaper mill supplies, cheaper first cost of machinery, cheaper repairs and maintenance, lower ocean rates for export, lower marine insurance on exports.

He omitted, however, the most important advantage which the American mills have. Canada is handicapped by excessively cold winters. In the north country it costs 25 per cent more to operate in winter than in other seasons.

The head of the export department of the International Paper Company, Mr. Chable (p. 433), is authority for the statement that Scandinavia, Finland, Canada, and the United States are the only countries that can make news-print paper profitably. American paper will command an advance of from $7\frac{1}{2}$ to 10 per cent over the European make. Sir William Van Horne furnishes an explanation for that

difference in quality in describing the fiber of the Baltic product as "silvery and not making a feathery pulp like the American product." It is obvious that the American paper maker is protected against the Baltic paper maker by the cost of transportation and by a difference of \$1.50 or \$2 per ton in quality, by better and therefore cheaper labor, and by many of the things in our favor enumerated by Sir William Van Horne. The one striking fact which stands out as the primary and conclusive evidence of the inability of the Scandinavian news-print paper maker to enter this market is the point that in all the periods of high prices in the United States not a pound of British or Baltic or German news-print paper has ever been brought into the United States.

The mills at St. Croix, Millinocket, and Berlin, which are modern plants, can compete successfully with Canada or any other mills, and can make cheaper paper. This fact is just as true to-day as it was about the year 1897, when Mr. Hugh J. Chisholm sold paper in Toronto at an invoice price of \$25 f. o. b. Otis Falls. Mr. Ballou, of Menasha, Wis., who buys pulp wood for 16 Wisconsin mills, indicated to the Mann committee (p. 2131) that America can manufacture news-print paper as cheaply or cheaper than Canada. It was the action of this single buyer in going 1,500 miles away from his western mills to purchase 50,000 cords of pulp wood that precipitated the hysterical performance in paper prices in 1907, though the most serious work of price-raising was done by a New York speculator.

The western mills had been suffering from the results of the imposition of the countervailing duty on paper. Their natural source of supply is Ontario; and when that Province prohibited export of pulp wood, you increased the cost of the raw material of those mills. The statement by him that American mills, presumably Wisconsin mills, can make cheaper paper than Canadian mills, has additional force because of this extra cost of wood. There is another disadvantage which the western mills overcame. The wood pulp furnished to them is small in diameter. Much of it is unfit for any other purpose. The spruce tree in that section does not grow much beyond 10 inches in diameter, and the material used for pulp grinding will not average 6 inches. Some of it is less than 3 inches in diameter, and makes extra waste and loss in barking the wood for the grinder (p. 2108). Some of the western mills are adjuncts of lumber establishments, and must take the leavings. Many of them are one-machine plants which can take only a proportion of the sizes which may be offered to them, and which lose a percentage of their production when they are unable to fully cover the wires of their paper machines. Notwithstanding this difficulty, the western mills have made money on prices of which they have complained. It required a cork-screw to extract from them any admission of financial gains. So far as I have been able to gather, the Mann committee has not been able to obtain the bona fide production cost of modern news-print mills; but I anticipate that the tariff committee of the American Paper and Pulp Association will deluge you and it with cost figures of machines that should have been consigned to the scrap heap, or turned to uses other than the manufacture of news-print paper in competition with the fast-running and finely appointed paper machines of recent construction.

It has been announced that the Committee on Ways and Means is to ascertain the comparative cost of production here and abroad.

We are told that the American Paper and Pulp Association would submit such figures. May I deferentially ask how such figures can be ascertained? What type of mill shall be taken? The antiquated type or the modern mill—the two-tour or the three-tour system—the mill that makes its own ground-wood and sulphite pulp or the mill that makes neither—the mill that speculates in timber tracts or the mill that buys pulp wood at the market, owning no timber tracts—the machine mill that rents its power or the mill that owns its water rights—the mill that can take only particular sizes that fit an unusual width or mills with enough machines to carry any sizes or orders? Shall we compare with Canadian mills or with British mills or with German mills? How shall the basis of comparison be established, and who shall establish it? Will you select a mill that is run as a news-print paper mill or one that is a by-product of a lumber proposition or one that is a consolidation of a number of antiquated plants half of which should be in the scrap heap?

Few of the western mills own any timber tracts. The Northern Paper Company, representing a pool of four mills, owns 40,000 acres in Wisconsin; the Kimberly Clark Company, producing 240 tons of paper per day, owns 30,000 acres; the Consolidated Company, of Grand Rapids, owns 20,000 acres. All the 21 mills scheduled to participate in the western merger owned 73,000 acres of timber land. These figures are in striking contrast with the 4,000,000 acres which the International Paper Company acquired with borrowed money. The western mills have managed to prosper in disregard of the assertion of President Cowles, of the American Paper and Pulp Association (page 890 of Hearings), that "nobody would go into the business to-day, build a new mill, who could not first secure an adequate amount of timber lands to supply the mill permanently with wood."

Of news-print paper mills in this country, 50 have no sulphite adjuncts. Included in that 50 are 9 mills which have no ground-wood attachments.

TARIFF KEPT UP AMERICAN PRICES.

Because of the tariff tax of \$6 per ton we have not been able to buy for domestic use that Canadian paper which has been offered extensively at \$1.75 f. o. b. mill within the last four months. The gentleman's agreement or combination which has controlled the American news-print paper market has maintained the domestic price at a figure just below the importing point, which was \$2.05 f. o. b. mill. It did not seem right in July, 1908, a normal season, when there was no drought and no strike, that Canadian paper should be sent to London for sale at a price which was \$5 cheaper than American newspapers could buy from American mills that had shut down parts of their plants and discharged their American labor rather than cut "agreed prices." The driving out, by threats, of 10,000 tons of Canadian paper which had been bought for this market by S. A. Cook, of Neenah, Wis., is conclusive evidence of the abuse of the tariff beneficence by American paper makers.

During the ten years which have passed since the passage of the Dingley bill there have been many periods when the tariff has forced an increase in the paper price. I calculate that in 1898, during the

Spanish-American war, newspapers had been taxed fully \$6 per ton because of the tariff; that in four years, from 1901 to 1904, inclusive, the tax enabled local mills to add from \$2 to \$6 per ton to the cost of paper; and that in 1907 and 1908 the import duty has added from \$5 to \$6 per ton to the cost of paper.

When the Mann Committee visited Grand Rapids, Wis., Mr. G. F. Steele, the general manager of the Nelssoa-Edwards Paper Company, compared the conditions of American and German mills. He said the paper makers of America were slow to take advantage of possibilities in the manufacture of paper—that in some respects they showed the traits of the day laborer—that the paper business is primitive in many places and shows a lack of technical knowledge. The Germans have visited the United States. They have appropriated its ideas and have developed new methods because of their superior technical knowledge. In this respect the forces employed in American mills are lacking.

I commend to the earnest study of this committee the statement which appears at the end of report 29 of the Mann committee, wherein Mr. Steele describes with some elaboration the primitive character of the American mills as compared with the German mills; and that becomes quite important in connection with the matter of the raising of the duty on sulphite pulp.

In placing an import duty upon pulp and paper you have put a premium upon inertia. You have given the paper makers a false sense of security which has destroyed their initiative. You have unintentionally induced them to form pools and to arbitrarily raise prices and to open up the American market to an invasion which has put at least one branch of the business—that of sulphite pulp—in desperate straits. Germans obtained their help from the technical schools; and they have not only driven us out of foreign markets, but have undersold the American manufacturers in the home markets, and have displaced 57 per cent of the sulphite in the United States.

The paper makers who are asking for protection have been buying sulphite pulp from the foreigner in preference to buying it from the domestic producer, and doing so to the extent of 57 per cent of the total consumption of sulphite pulp.

The men who have been trying for more than five years to hold up and tax every user of sulphite pulp and of paper, have wrought their own undoing. They now come to you and impudently ask you to increase the import duty in order that they may increase their exactions; that they may have a new license to despoil their customers, and that they may continue trade policies which are impossible—in short, that they may push water up hill. Visit the paper mills, as the Mann committee has done, and you will find some methods which are said to be traceable to the twelfth century. Our paper makers have gone to sleep. Imagine a sulphite mill without a trained chemist! And yet there are very few sulphite mills in America employing chemists. Out of 22 mills of all sorts which the Mann committee visited, only 4 may be said to be approximately up to date. The beneficiaries of your tariff favor have allowed the world's market to slip away from them.

Paper can be made more cheaply in America than elsewhere. It is possible to capture the markets of the world. We have the materials

and we have the opportunity; but we can only do it by putting the American manufacturer on his own resources, and by withholding from him those tariff favors which have been an incentive to indolence. (I refer now to the paper business.) Withdraw your premium upon stupidity and ignorance, and the world is ours for the paper makers and the paper user. Put the spur of necessity upon American talent, and it will win its way; coddle it, and you weaken it.

A removal of the duty on news-print paper would make impossible any combination to raise price. It would place an automatic check upon monopoly. It would nullify the plan by which the International Paper Company and others have expended millions to acquire undeveloped water powers and desirable timber tracts, and to shut out competition. Free paper would steady prices rather than lower them. It would modernize the business, giving consumers the benefits of the latest methods and machinery. Existing duties have raised the price of paper and pulp by giving to the paper manufacturers a shelter behind which they could organize combinations. While the tariff does not account for the full advance in price, the tariff plus the tariff-engendered combinations do account for all of it.

Now I reach the last of my sections—combinations.

COMBINATIONS AND OTHER ILLEGALITIES.

A delegation of paper makers, headed by Mr. William A. Russell, appeared before the Ways and Means Committee on December 31, 1896, and urged the framing of the paper schedule to suit the purposes of a number of mill men who were then organizing the industry so that they might control prices. I appeared before the Ways and Means Committee at that time and charged that these gentlemen were then planning to form a combination of mills and to raise the price of news-print paper to 2½ cents per pound, or \$50 per ton. On page 1760 of the report of that proceeding you will find that Mr. Russell said:

I deny both that there is a combination formed, or practically formed, or that any combination or any consideration of this matter by the paper manufacturers which contemplates raising the price of paper at all.

Within seven months after the passage of the so-called "Dingley bill" the International Paper Company was formed from a consolidation of about 30 paper mills, and immediate steps were taken to mark up prices. We call your attention to this matter to show you that at that time the paper makers misled and deceived Congress.

Combinations to restrict production and to fix prices have been made in almost every one of the divisions of the American Paper and Pulp Association, as follows: News-print paper, book paper, fiber and manila, box board, sulphite pulp, tissue, writing, blotting paper, soda pulp.

Information relating to all these combinations was submitted to the Attorney-General in October, 1907, and was subsequently embodied in a formal letter to him under date of February 10, 1908. We gave to him data covering—

Dates of meetings, allotments of output, fixing of prices, restricting of production, pool profits and payments, paying mills to shut down, refusal of quotations to particular brokers, limitation of periods of

contracts, limitations upon jobbers, instructions to counsel to find a plan for conducting the affairs of the association in such manner as would defeat any attack upon it by Federal or State Government (I do not mean the American Paper and Pulp Association, but one of these subsidiary associations), permission to members to bid on a prospective contract in competition with outsiders.

Up to date, the General Paper Company has been dissolved, and the Fiber and Manila Association has been indicted and punished. The Box Board Pool collapsed on April 1, 1908. The Sulphite Pulp Association dissolved and reorganized in December, 1907, as a Bureau of Statistics. The president of the American Paper and Pulp Association, David S. Cowles, resigned September 24, 1908, to make way for Arthur C. Hastings, of Buffalo, who has been employed to organize a so-called "Bureau of Statistics" for the paper trade.

The trade disturbances and price fluctuations in news-print paper, due to unlawful combinations, have been continuous since the passage of the Dingley bill. The creation of the General Paper Company in the West merged the news-print output of about 19 mills, and when the Federal Government dissolved it at the instance of newspaper publishers, one of its officers threatened publishers with the vengeance of higher prices, apparently ignoring the fact that the association had already helped to add \$10 per ton to the cost of news-print paper.

On December 1, 1906, 21 western mills signed a tentative agreement to merge (p. 1999) into a corporation with \$18,000,000 of stock and \$15,000,000 in bonds, and additional bonds for 73,000 acres of timber owned by the mills. A syndicate was also planned to "protect the value of said bonds against the effect of injudicious and premature sales, and the ultimate realization of their full worth." I quote the phraseology of the proposition. The participants in that deal declined to testify on that subject before the congressional committee, one witness explaining that while the committee might grant immunity against prosecution under Federal laws, it could not protect him against the application of Wisconsin laws (pp. 2128 and 2133).

Mr. John A. Davis, who had been manager of the General Paper Company until its dissolution and who had been largely responsible for the methods which ultimately wrought its ruin, joined the firm of H. G. Craig & Co., of 261 Broadway, New York, February 1, 1907. His new venture was attended with the prompt acquirement of the selling agency of a number of mills which theretofore had been acting independently. He controlled an output of about 750 tons daily from the following mills:

St. Regis Paper Company, St. Croix Paper Company, Gould Paper Company, Taggarts Paper Company, West End Paper Company, Malone Paper Company, Le Ray Paper Company, De Grasse Paper Company.

Incidentally he also sold paper for mills like the Cliff. At a period when prices were hardening from some cause, Mr. Davis tied up over a million dollars in paper, representing more than 20,000 tons, so that when publishers applied to the International and Great Northern Paper companies they were informed that no paper was to be had from them, but suggested that a call be made on Mr. Davis. Within

fifteen minutes, in one instance, Mr. Davis called on the long distance telephone and arranged to ship paper at a price of \$2.65, equaling \$53 per ton. The representatives of the large paper companies instead of exposing this manipulation of the market to the publishers and the authorities, steered purchasers to him, and they were equally guilty. Mr. Davis's action explains the so-called paper famine of 1907. The testimony of Mr. H. J. Brown, of the Berlin Mills, indicates another phase of Mr. Davis's operations in paper (p. 1387). Again, in March, 1908, when the Belgo-Canadian Mill, of Shawinigan Falls, sold 10,000 tons of news-print paper to an American purchaser, Mr. S. A. Cook, of Neenah, Wis., president of the Alexandria Pulp and Paper Company, of Indiana, he was not permitted to dispose of all of it in this market and 2,500 tons were sold to Lloyd, London, and another slice went to England, the purchaser paying the difference in cost. Some of the mills had apparently planned in August, 1908, to create a paper panic by writing to applicants that the entire output for next year had been sold out, all of which was untrue, because in other places its output was for sale.

At present, with pulp wood a drug in the market, many of the mills being loaded up with more than a year's supply in stock, and with wages and supplies reduced in cost and with capacity nearly 1,200 tons per day in excess of demand, the paper mills are holding out for what seem to be agreed prices for future delivery.

They seem to have formed that kind of a gentleman's agreement which the Paper Trade Journal declared "would avoid legal pitfalls." Incidentally it may be noted that the minutes of the Parks Pool disclosed the fact that the paper-trade publications had been urged to a "conservative" policy.

At all times the methods of the paper makers have promoted secrecy and favoritism in prices. The International Paper Company in 1907 quoted a price of \$52 per ton to Mr. Bass, of the Bangor (Me.) Commercial, who was within 7 miles of its paper mill, and it quoted \$50 per ton to papers in Atlanta and St. Louis (p. 1178). In one town where three publishers of equal merit were buying paper, one paid \$35 per ton and another paid \$55 per ton to the same manufacturer for identically the same article. The testimony before the Mann committee showed that in the year 1908 a price of \$37.60 was paid by the Hearst papers, against a price of \$50 by other papers in the same cities to the same company. The paper makers have arrayed themselves against open prices and against open dealing. They have preferred to keep their mills idle and their labor unemployed and to allow Canada to sell paper here, to the advantage of Canadian labor and the disadvantage of their own labor, rather than sell paper f. o. b. mill. When I applied to the Remington-Martin Company for 100 tons of paper which it wanted to sell it refused to let me have it because I refused to tell the name of the buyer, the place to which it was to be shipped, and the contract relations of the purchaser to other companies. I applied to every considerable news print paper mill east of the Rocky Mountains for paper on terms which insured cash in advance for the paper delivered on car at the mill, and I was not able to buy from more than two out of fifty mills. Many of them needed orders. Their labor was working part time; but they preferred to respect a "gentleman's agreement."

and starve the market to maintain a price. Recently I applied for a price for paper to be furnished to a western publication, and I then discovered that the paper makers not only interchanged information, but apparently kept an index of the expiration of each paper contract. Cases have been brought to my notice of applicants for paper quotations who would be seated in one room while a clerk would call up someone to ascertain the status of the applicant. Almost invariably prohibitory prices were quoted under such conditions. Scores upon scores of publishers have complained that in some unaccountable way they had been apportioned to a particular mill at a given price and that all the results of a paper pool were accomplished, notwithstanding the denials of the news-print paper makers. What right has the farmer to say who shall make into bread the wheat that he sells? Yet these favored paper makers undertake to follow their paper into our press rooms and to dictate what publications shall be printed upon it. When the selling department of any corporation makes contracts in secret and makes discriminating rates to publishers and favors some and oppresses others, I say that the concern is unsound at its core and that its methods are a crime against the stockholders of that corporation.

(The committee thereupon took a recess until 8 o'clock p. m.)

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 12.

SATURDAY, NOVEMBER 21, 1908.
(EVENING SESSION.)

WASHINGTON:
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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

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EBENEZER J. HILL.
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CHOICE B. RANDELL.**

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

EVENING SESSION.

WAYS AND MEANS COMMITTEE,
Saturday, November 21, 1908.

The committee reconvened at 8 o'clock p. m., Hon. Sereno E. Payne (chairman), presiding.

The CHAIRMAN. Mr. Norris, you may proceed.

STATEMENT OF MR. JOHN NORRIS, CHAIRMAN COMMITTEE ON PAPER, AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION, NEW YORK, N. Y.—Continued.

Mr. NORRIS. Upon our application to Congress for relief a year ago we were told that our remedy was through the executive department and the courts. We furnished to the Department of Justice the data by which the Fiber and Manila Association, the Box Board Pool, and the Sulphite Pulp Association could be reached. We furnished evidence against other groups of paper makers. We furnished the data which resulted in the dissolution of the General Paper Company and in the issue of a permanent injunction against its members, prohibiting them from acting in concert. Subsequent to the issue of that injunction many of them cooperated with the Parks Pool in Fibers and Manilas. One of their number, the Petoskey Fiber Company, of Michigan, openly associated itself with that pool. Twenty-two members pleaded guilty to violation of law. They had robbed paper users of an average of \$2,000,000 per annum by arbitrarily raising prices \$16 per ton, and by closing mills and by restricting production and by depriving labor of its just rewards, because the tariff kept out foreign competition. A federal judge, upon the recommendation of the United States district attorney, let them off with a fine of \$2,000 each, or \$48,000 in all. I hold that indulgence of that sort was not a punishment. It amounted to a license to break the law. If the records of the meetings of the Fiber and Manila Association are examined, I am confident it will be found that many of its members are breaking the law to-day, and that they are meeting regularly to fix prices. As a specimen of the flagrant disregard of law which the Fiber and Manila men show, I exhibit to you the first page of the Paper Trade Journal of November 12, giving the details of a uniform price list which they had adopted as of November 5, 1908, advancing prices \$3 per ton.

Against the Box Board Pool which invoiced goods exceeding \$32,000,000 in value, at a pool profit of \$4,835,652 on 853,677 tons, and against the Sulphite Pulp Association, the records of which are

in possession of the authorities, not one step of which we are aware has been taken.

I noticed that Mr. Sidney Mitchell was on the list to address you on the matter of box boards. It is unfortunate that Mr. Mitchell did not appear, because Mr. Mitchell was head and front of the box-board pool and the prime factor in the wreck of the United States Box Board Company.

The Petoskey company, which was guilty of contempt of court in openly disregarding the writ of prohibition of the court, has apparently escaped all penalties. To whom shall we look for a stoppage of such lawbreaking? Do you propose to continue to show favor to these transgressors and to saddle upon the paper consumers the burdens of their misdoings? All respect for courts and for laws is destroyed when such things are possible.

Carrying our complaints to the Mann committee, and telling our story to that body, we encountered perjury and lying in every aspect. We had charged that the International Paper Company was producing 63,000 tons of manilas annually in four of its mills and was selling that output through the Continental Paper Bag Company, its exclusive selling agent. We charged that the International Paper Company, through the Continental Paper Bag Company, whose stock it controlled, was participating in that pool. Mr. Waller, vice-president of the International Paper Company, appeared before the Mann committee on May 18, 1908 (p. 1169 of hearings) and unqualifiedly denied any participation or any interest in any combination or any pool of any sort, either directly or through selling agents, and this applied to "any grade of paper." Yet within thirty-two days after that testimony was given, that is, on June 19, 1908, the Continental Paper Bag Company pleaded guilty to participation in the fiber and manila pool. The Continental Paper Bag Company hid its identity in the records of the association by appearing on the minutes as John Smith. And the indictment shows that that association voted (see folio 55 of indictment, a copy of which I have here) to send its uniform price list to Mr. Sparks, of the Union Bag and Paper Company, and "one to Mr. Waller, of the International Paper Company, for their guidance."

Mr. G. H. P. Gould also appeared before the Mann committee on May 16, 1908, and denied all knowledge of or participation in any combination (p. 1011 of Hearings). On June 19, 1908, that is, thirty-four days thereafter, the corporation of which he was and is president, pleaded guilty to participation in the fiber and manila pool.

Officers operating western fiber and manila mills appeared before the Mann committee and testified that they knew of no arrangements for restricting output or fixing prices, yet they did meet. They did agree to close their mills for a period. They did close their mills, and they did so in disregard of the prohibition of the United States court dated June 18, 1906.

Practically all of the mills of Wisconsin which were participants in the General Paper Company have united in the creation of a traffic bureau which concentrates the routing and handling of one and one-half million tons of incoming and outgoing traffic for them. The same mills have common buyers who purchase all of their pulp wood. For a time all of them had auditors inspecting their books and

gauging their business assumedly for Dean and Shibley. In view of the fact that these mills quote what seem to be agreed prices and accuse each other occasionally of cutting prices, I can not conceive of any machinery more complete for a combination in restraint of trade.

The Fiber and Manila Association and the Sulphite Pulp Association affect the news-print paper situation. When mills which can be changed to make news-print paper with slight cost are made excessively profitable in other directions by these pooling arrangements (see p. 226), then their equipment is kept out of news-print paper production, and a news-print paper famine is promoted.

RESTRICTION OF OUTPUT.

When the International Paper Company was organized, it absorbed 111 machines making news print paper, with an assumed capacity of 1,600 tons per day. Three of the machines were sold. Fifteen were discontinued, 5 were leased, and 15 were diverted to other uses. Only 2 machines for making news print have been added to the equipment, and that was not done until after the lapse of nine and one-half years. To-day it has 67 news print machines with a capacity of 1,416 tons per day, but as the International Paper Company had diverted 125 tons of its product from domestic to foreign service, the supply to its American customers was 1,291 tons per day, or 309 tons per day less than its rated capacity for news print production in 1898. If it enjoyed your tariff benefaction it should have taken care of the domestic supply, and the responsibility for a paper famine rests largely on it. We also call attention to the testimony of the manager of the Combined Locks Mill (p. 2102), who shut down his mill and discharged his help rather than solicit orders.

On November 25, 1903, all the news print mills agreed to close down for one week and to reduce the quantity of paper on hand. Notices of the shut down were circulated and printed in the trade press. As a result of that performance there was a paper famine and prices bounded to \$50 per ton. Then the Publishers' Association appointed a committee which visited Washington in April, 1904, and appeared before the Judiciary Committee of the House in an effort to compel the paper makers to keep within the law. Ordinarily a paper mill might shut down when its output exceeded the demand. But when that shutting down is part of an agreement between mills to starve the market and to extort excessive profits from buyers and to throw thousands of workingmen into idleness, then that arrangement assumes another aspect.

THE SULPHITE POOL.

For more than five years the members of the Sulphite Pulp Pool have been attending monthly meetings to hold up the market by its boot straps. They were continuously embarrassed by the refusal of Theodore Burgess, of the Burgess Sulphite Company, of Berlin, N. H., producing 340 tons of sulphite pulp per day, to restrict his tonnage. Finally, he was bought out by Mr. W. W. Brown, of the Berlin Mills, who cut its production to 90 tons per day, and a shout

of great joy went up over the elimination of this disturber. The pool members had not reckoned that the paper makers would desert them. They had a rude awakening, however, when they discovered that the purchasers of sulphite pulp, like George A. Whiting, of Menasha, Wis., were buying sulphite pulp where they could buy it cheapest (see p. 2066). Other mill men, including John Strange (see p. 2086) said they bought foreign sulphite because it was superior to the American product. The Germans had devoted great study and energy to the promotion of the sulphite manufacture and had made many improvements while the American makers were content to run along on primitive methods. The high prices which the American producers had fixed, and to maintain which they had restricted their output, invited large importations of foreign pulp, so that in the first seven months of the year 1908 the foreign makers furnished 57 per cent of all the sulphite used in the United States. Twenty-eight thousand tons came from Europe, 11,000 tons from Canada, and 33,000 tons from American mills. In June, 1908, prices for sulphite dropped to a lower level than they had reached in eight years. The Sulphite men professedly changed their organization on December 19, 1907, to one of statistics, in an effort to evade the federal statute. They now ask that Congress tax all paper users for their benefit by raising the duties on bleached and unbleached pulp.

The CHAIRMAN. It is not necessary to read that portion; just skip the part in reference to the newspapers.

Mr. NORRIS. Very well.

The part referred to is as follows:

I submit a schedule of references to testimony of 42 newspapers, on uniform bids; of 54 newspapers, about refusal of mills to quote prices or to make contracts; of 13 newspapers, on lack of competition; of 18 newspapers, on limitation of contracts to one year; of 159 newspapers, on prophecies by paper mill representatives of coming advances in prices and of a paper famine; of 7 newspapers, on interchange of information by mills; of 8 newspapers, on simultaneous advances in prices by paper mills; of 26 newspapers, on the allotment of consumers to particular mills; of 6 newspapers, about quotations made subject to change without notice or for twenty-four hours only; of 11 newspapers, on threats or scores by paper makers; of 99 newspapers, action by mills in fixing prices, including dates of meetings.

NO FEAR OF COMBINATIONS.

Mr. NORRIS. We have no fear of a trade combination as such. When it attempts to combat natural laws of trade it invites failure. In 1897 a new production of 500 tons of news print paper resulted from the mere discussion of the scheme to consolidate 30 mills. The actual merge of those mills in 1898 induced the building of the Great Northern mill and of similar plants. The proposition to consolidate 20 Western mills into the General Paper Company also increased the Western capacity for paper, and periods of reaction and demoralization followed the seasons of artificial stimulation. The combinations of paper mills induced combinations of supply men, and of dealers in wild lands, all of whom marked up their prices, thereby appropriating much of the additional profits which the consolidators sought to obtain. The newspapers, however, carried everybody's load. What we object to are the methods of the dark lantern and of the sandbag.

The CHAIRMAN. Are there any questions to be asked? [After a pause.] That is all, Mr. Norris.

I understood that Mr. Norris was the only person who desired to appear in favor of the removal of the duty?

Mr. NORRIS. No; sir; I was the only one to appear for the newspapers. I have been delegated by the newspapers to represent them, but there are 4 representatives of the workers here.

The CHAIRMAN. Very well; we will have a division of the time.

Mr. NORRIS. These gentlemen will only take a few moments.

The CHAIRMAN. I do not know about that. We understood that you would only take an hour and a half, and you have taken much longer than that.

Mr. NORRIS. I have only taken an hour and a half, excluding the interruptions.

The CHAIRMAN. You were not interrupted for more than ten minutes.

The following extracts were submitted by Mr. Norris:

BOOK MEN MEET.

THEY DISCUSS THE UNSATISFACTORY CONDITIONS NOW PREVAILING—AFTER THE MEETING OF THE MANUFACTURERS IT IS REPORTED THAT LEADING WESTERN JOBBERS HELD A LITTLE MEETING OF THEIR OWN—A CONSOLIDATION OF WESTERN BOOK JOBBING HOUSES.

[From our regular correspondent.]

CHICAGO, ILL., November 2, 1908.—The majority of the western manufacturers of book and coated papers, together with a small representation of eastern manufacturers of the same grades of paper, met at the Auditorium, in Chicago, last week. No public announcement was made of the business transacted.

It is reported that preceding the meeting there was a love feast, and that much of the misunderstanding and hard feeling prevailing since the summer meeting, which culminated in a cut of prices, was amicably settled. General conditions were discussed. Most of the manufacturers reported a substantial increase of orders, but that present low prices hardly covered the cost of production. Fears were expressed that the supply of pulp would be short this year because of the drought. While it was the consensus of opinion that conditions warranted higher prices for book paper, no immediate advance was predicted.

Before leaving Chicago several of the manufacturers were very active in soliciting orders at present prevailing prices, and in doing so hinted of possible future advances in price. One large Ohio manufacturer was reported not represented at the meeting.

Immediately after the book-paper manufacturers had left Chicago the sales manager of the Ohio mill arrived in town, and coincidentally representative paper jobbers from Minneapolis, St. Paul, Louisville, St. Louis, and Kansas City. A meeting of the jobbers was held Saturday, and the Ohio sales manager was much in evidence. Chicago jobbers were not represented at the meeting. The representative of The Paper Trade Journal was told that no report of the meeting would be given to the public. The Minneapolis and St. Paul jobbers stated that they were in Chicago to see the Minnesota boys do up the Chicago University football players, but this did not explain the presence of the jobbers from St. Louis, Kansas City, and Louisville. The Ohio sales manager hinted that it was a birthday party. At any rate, some sort of a conference was held, and in all probability it was in reference to the book-paper situation.

The presence at the meeting of Judge Moore, counsel for the West Virginia Pulp and Paper Company, was also reported. It leaked out that there was a scheme of consolidation of ten of the large Western paper jobbing houses in contemplation. What advantages of consolidating were offered are not known to the public. The proposition was such a strange one that it is causing considerable talk in the trade. It seems that the gathering was not instigated by the jobbers, but by the manufacturers. It is reported that only one Chicago house was invited to attend the conference. Nothing definite was transacted.

as all of the jobbers attending the conference were not in accord with the movement, whatever it was. One jobber dropped the remark that it would take more money than they had to buy them out, and that as far as his house was concerned he was not interested.

Later developments are awaited with interest by the trade, but, like other schemes which look well on paper, may never be realized.—The Paper Trade Journal, November 5, 1908.

WRAPPINGS ADVANCED.

WESTERN M. & F. MEN ADOPT NEW UNIFORM PRICES ON MANILAS AND FIBERS—FIBER PAPERS AND NO. 2 MANILAS ADVANCED ABOUT \$3 PER TON, BUT NO INCREASE IS ANNOUNCED ON NO. 1 MANILAS—COST OF PRODUCTION HIGHER BECAUSE OF SHORTAGE OF PULP.

The western manufacturers of manila and fiber papers have adopted a new uniform list of prices covering the various grades of manila and fiber papers. The list, which became effective on Thursday of last week, reads as follows:

Screenings	\$2.15
White manila, 30 to 35 pound	2.60
Butchers' fiber:	
50 to 65 pound	2.80
Heavy weights	2.90
No. 1 water finish (white or drab):	
40 pound and heavier	3.05
35 pound	3.20
30 pound	3.60
Black pattern paper, 35 to 50 pound	3.15
No. 1 colors:	
40 pound and heavier	3.80
35 pound	3.45
30 pound	3.85
No. 1 manila:	
35 pound and heavier	2.85
30 pound	3.00
25 pound	3.25
Butchers' manila, 50 pound and heavier	2.50
No. 2 manila:	
35 pound and heavier	2.60
30 pound	2.70
No. 1 water finish (all sulphite):	
40 pound and heavier	3.15
35 pound	3.30
30 pound	3.70
Green pattern paper, 35 to 50 pound	3.30
No. 1 dry finish:	
35 pound and heavier	3.15
30 pound	3.30
25 pound	3.70

The above prices are all delivered on a 20 cent freight rate or under. For all other places the excess freight must be added. On local shipments the prices would be the prices quoted above less 10 cents f. o. b. mill.

Sizes under 150 square inches, 10 cents extra.

Frames, 10 cents per 100 extra.

Tight frames, 20 cents per 100 extra.

Cases not less than 400 pounds to the case, 25 cents per 100 extra.

Rolls under 6 inches wide, 25 cents per 100 extra.

Rolls under 9 inches in diameter, 25 cents per 100 extra.

Blasting rolls, one-quarter of a cent extra for 5-pound rolls, 10 cents per 100 extra for each pound less in weight.

Reams less than 480 sheets count, \$2 per ton extra.

Ream wrapping, 20 cents per 100 extra.

Wood cores to be weighed in and not returnable.

The Eastern manufacturers are expected to adopt a similar price list within a short time.—The Paper Trade Journal, November 12, 1908.

**STATEMENT OF MR. FRANK J. KELLY, REPRESENTING THE
INTERNATIONAL PHOTO-ENGRAVERS UNION OF NORTH
AMERICA, WASHINGTON, D. C.**

Mr. KELLY. The International Photo-Engravers Union of North America asks the abolition of the duty on white paper and wood pulp, believing that the present duty limits the employment of members of our organization.

The enforced reduction in the size of plates made by our members owing to the increased cost of news print paper has resulted in the loss of employment by many of our members.

Furthermore, practically every demand made for increased wages by our members on newspapers in the last three years has been contested on the ground that the increased cost of white paper has made it impossible to meet such demands.

The CHAIRMAN. The next gentleman to be heard is Mr. Patrick J. McMullen, of Cincinnati, Ohio.

**STATEMENT OF MR. PATRICK J. McMULLEN, REPRESENTING THE
INTERNATIONAL PRINTING PRESSMEN AND ASSISTANTS'
UNION OF NORTH AMERICA, CINCINNATI, OHIO.**

Mr. McMULLEN. I simply want to verify the facts contained in the resolutions passed and adopted by our convention.

**STATEMENT OF MR. JAMES J. FREEL, REPRESENTING THE INTER-
NATIONAL STEREOTYPERS AND ELECTROTYPERS' UNION, NEW
YORK, N. Y.**

Mr. FREEL. I want to say that I represent the International Stereotypers and Electrotypers' Union, the members of which are employed on the newspapers. I would like to read this resolution, which is a short one, for the purpose of placing our organization and the other organizations on record.

The CHAIRMAN. Proceed.

Mr. FREEL (reads):

Resolutions adopted by the joint conference board of the Allied Printing Trades, composed of delegates representing the International Typographical Union, International Printing Pressmen and Assistants' Union, International Stereotypers and Electrotypers' Union, International Photo-Engravers' Union, and the International Brotherhood of Bookbinders:

Whereas we, the workers employed in the various departments of newspaper and commercial printing offices throughout the United States, i. e., compositors, pressmen, stereotypers and electrotypers, photo-engravers, and bookbinders, to the number of over 100,000, feel that any combination which produces an artificial scarcity of news print paper, and which unduly stimulates the price of product, is an oppression that affects alike the employee as well as the employer; and

Whereas the almost prohibitive and ruinous price of such paper has curtailed to an alarming extent the number of workers employed in the printing industry, and has further acted as a preventive to the printing trades artisans from securing higher compensation for their services, to which they are justly entitled: Therefore be it

Resolved, That this joint conference board, in session at Indianapolis, Ind., December 17, 1907, submit a memorial to the President of the United States and the Congress, and appeal for the abolition of the duty on white paper, wood pulp, and the materials which are used in the manufacture thereof.

Resolved, That all local unions affiliated with our various international organizations are requested to indorse these resolutions and forward copies to their Representatives and United States Senators.

I would like to say that that was the position of the organization that I represent in December, 1907, and that is their position to-day, and we respectfully ask the Ways and Means Committee to abolish the tariff on wood pulp and news print paper.

STATEMENT OF MR. J. W. HAYS, FIRST VICE-PRESIDENT INTERNATIONAL TYPOGRAPHICAL UNION, MINNEAPOLIS, MINN.

Mr. HAYS. Mr. Chairman and gentlemen of the Ways and Means Committee, representing the International Typographical Union, the largest organization which has to deal with the American Newspaper Publishers' Association, and, perhaps, the organization more closely associated with the management in relation to the papers they print, and being better informed as to the reasons why the size of papers is at this time reduced and the reasons why fewer members of that organization are employed by that association, I desire to say that our organization thinks it would be to the interests of its members and to the interests of 125,000 members associated with the allied printing trades that the duty on pulp and print paper be abolished.

The positions which we hold in the newspaper offices are such that we receive direct illustration at times that sizes of papers are reduced or at times that the papers might be larger than they are and more of our members employed were it not for certain things. We find from experience that the sizes of the papers are frequently reduced because of the fact that paper is scarce. We know from experience that these publishers hold the papers down to as small a size as possible ostensibly for the reason that the price of paper is so high. We believe that the ostensible reason is practical and true.

We also believe that were it not for this duty on wood pulp and print paper that there would be a much larger number of men employed in the paper mills. We believe that the tariff now existing on wood pulp and paper does not redound to any extent to the benefit of the people who are employed in those mills, and that without this tariff the demand for white paper would be so much larger and the demand for print paper would be so much larger that the benefit would accrue to the entire community by reason of the employment of a larger number of people in those industries. We believe that with the larger number of people employed in those industries that we, working under agreement, will get large wages as compared with the wages paid in the paper mills and that it would also result in the employment of a greater number of our members and in increasing our membership at the same time.

Therefore we believe that, while the tariff now existing does not increase in any way the wages of the people who work in the paper mills, it does decrease the opportunity to work in the newspapers throughout the country. Therefore we believe that large numbers of the working people throughout this country would be materially benefited by taking off the duty on paper.

I thank you very much.

The CHAIRMAN. As I understand, there is a large number of people who desire to appear in favor of retaining the duty on news

print paper, and I understood that they would select some spokesman. Who is to speak first?

MR. HASTINGS. Mr. Hastings, president of the American Paper and Pulp Association, will speak first—that is myself.

The CHAIRMAN. Very well, you may proceed.

STATEMENT OF MR. ARTHUR C. HASTINGS, PRESIDENT OF THE AMERICAN PAPER AND PULP ASSOCIATION, NEW YORK, N. Y.

MR. HASTINGS. I do not intend, Mr. Chairman, to take any of your time this evening, as I understand the paper which I am going to submit will be printed in the minutes, and that will give more time to others who wish to be heard.

I have nothing to say, except in a general way, and I think you gentlemen can read the brief to better advantage than to have me read it from here. I do put myself on record—representing some 150 members of the American Paper and Pulp Association—as being in favor of the retention of the duties on paper and pulp, and I have no doubt, although I can not speak for them, that all the manufacturers of paper practically feel the same way.

I also desire to say that I have been listening this afternoon to the paper by Mr. Norris. I never did like that paper, and this is the third or fourth time I have heard the most of it.

I also desire to file with the committee a statement from the Box Board Manufacturers, who were not present when their names were called by the chairman.

(The statement referred to by Mr. Hastings follows:)

Mr. Chairman and Gentlemen of the Ways and Means Committee:

Representing the box-board industry in the United States, we submit the following reasons for our request that the present tariff on box boards be maintained:

The capital invested in the box-board industry is approximately \$33,000,000. There are 126 box-board mills with an annual capacity of 970,000 tons, valued at about \$30,000,000, employing approximately 6,300 wage-earners who receive about \$4,000,000 in wages per annum, besides salaries of officials, clerks, etc., of about \$800,000 per annum.

The freight paid railroads on box boards is more than \$2,000,000 annually, besides freight paid on products coming into the mills. Approximately 3,000,000 tons of material are purchased and consumed per year in the manufacture of box board.

The industry is increasing largely. According to United States census reports the box-board tonnage in 1900 was 365,000 tons, at a value of over \$10,000,000; in 1905, 520,000 tons, at a value of over \$16,000,000, and we figure the present capacity 970,000 tons, at a value of \$30,000,000, or an increase of 200 per cent in eight years. Raw material and labor are considerably lower abroad than in the United States.

Notwithstanding the duty of 25 per cent on boards, large quantities are imported in increasing volume each year.

Box board is mostly manufactured from waste material, namely, straw and waste paper, for which the box-board mills pay annually over \$14,000,000. This material would necessarily be burned or otherwise destroyed if not used in the manufacture of box board. The freight rate on straw board from the mills to eastern manufacturing centers averages about \$4 per ton, while the rate to same points from foreign countries is about \$2 per ton.

Owing to cheapness of labor, waste paper is purchased in England, shipped to Holland and Germany, manufactured into box board, and sold in New York and Philadelphia. We are informed that several board machines have recently been purchased for shipment to Japan. These will undoubtedly be used to supply boards to our Pacific coast.

For the above reasons we believe that our industry is at least entitled to the protection afforded by the present tariff.

Respectfully submitted.

(Signed)

CHAS. E. WILLIAMS.
SIDNEY MITCHELL.
WM. R. SHAFFER.

Mr. GRIGGS. What is the association which you represent?

Mr. HASTINGS. The American Paper and Pulp Association.

Mr. GRIGGS. What is that association composed of?

Mr. HASTINGS. Manufacturers of paper and pulp in all lines, writing paper, box, newspaper, wood pulp, sulphite, etc.

Mr. GRIGGS. What is the purpose of the association?

Mr. HASTINGS. Originally the purpose was supposed to be to look out for their interests in the matter of legislation or state matters, so that they could take up as an association matters which the individuals could not take up. Finally, it got to be a social organization with a meeting once a year, a dinner, and a general good time.

Mr. GRIGGS. They do not hear from one another during the year?

Mr. HASTINGS. They have not until the last year. We have been quite active with a view to trying to get them interested in the tariff matters.

Mr. GRIGGS. Is there anyone here to speak for them?

Mr. HASTINGS. That is naturally my business. I am the president of the association.

Mr. UNDERWOOD. You heard Mr. Norris's paper. It was your association he referred to as controlling the prices of wood pulp and paper?

Mr. HASTINGS. I heard a great deal that Mr. Norris said.

Mr. UNDERWOOD. What have you to say as to that?

Mr. HASTINGS. I say it is absolutely false, without any foundation of fact.

Mr. UNDERWOOD. There is no combination in your association to control the price?

Mr. HASTINGS. There is absolutely none.

Mr. UNDERWOOD. Or to control the market?

Mr. HASTINGS. No, sir.

Mr. UNDERWOOD. Does your association in any way divide the market that your mills shall supply paper to?

Mr. HASTINGS. No, sir.

Mr. UNDERWOOD. Is there any understanding that you shall maintain the same price during the year or a relative price?

Mr. HASTINGS. No, sir.

Mr. UNDERWOOD. Is it a fact that the price of newspaper, white paper, is about the same at all times?

Mr. HASTINGS. It is not a fact.

Mr. UNDERWOOD. You all have selling agents who control your product?

Mr. HASTINGS. No, sir. Some sell more or less direct by correspondence. I am the treasurer and manager of the Cliff Paper Company, of Niagara Falls, N. Y. We make practically 40 tons of paper a day. All that paper is sold practically by correspondence and some through jobbers, all the way from California to Australia.

Mr. UNDERWOOD. What is the amount of white paper the newspapers consume in the United States?

Mr. HASTINGS. Roughly, probably 3,500 tons a day.

Mr. UNDERWOOD. How much of that is produced in the United States?

Mr. HASTINGS. 3,500 tons.

Mr. UNDERWOOD. The present duty, then, is prohibitive?

Mr. HASTINGS. No, sir; it is not.

Mr. UNDERWOOD. There are no importations?

Mr. HASTINGS. Yes, sir.

Mr. UNDERWOOD. To what extent?

Mr. HASTINGS. Last year about 25,000 tons were imported, as I understand.

Mr. UNDERWOOD. What is the percentage of importations to the amount of production in the United States?

Mr. HASTINGS. Some years there is none imported. Other years, due to abnormal conditions as to extra demand or as to short production through water conditions, there might be any percentage up to 2 or 3 per cent.

Mr. UNDERWOOD. What is it on the average?

Mr. HASTINGS. I should not say that there were over ten or fifteen thousand tons on an average imported.

Mr. UNDERWOOD. What is that percentage as compared with the amount of production in this country?

Mr. HASTINGS. That would not be over about 1 per cent or 2 per cent.

Mr. UNDERWOOD. Then the present duty is practically prohibitive in so far as its result on the market is concerned?

Mr. HASTINGS. Not if the prices warrant.

Mr. UNDERWOOD. I mean at the existing prices. Of course, I recognize that the prices can go up and bring in a great deal of paper. I mean considering the question from what the normal prices have been in the past and the normal importations?

Mr. HASTINGS. No; I do not think it is prohibitive. I consider an overproduction in another country that wanted to sell at a dumping price can come in, and does.

Mr. UNDERWOOD. But the normal condition of the market, with the present duty, is not inviting to the shipment of paper into this country?

Mr. HASTINGS. Not at the market price, no; but there is paper which might come in under a cause which would not forbid dumping.

Mr. UNDERWOOD. Of course, we are considering the proposition from what actually is taking place, not from what might happen.

Mr. GRIGGS. Has it ever happened?

Mr. HASTINGS. Yes, sir.

Mr. GRIGGS. It has happened?

Mr. HASTINGS. Yes, sir.

Mr. GRIGGS. And broke the price of paper over here?

Mr. HASTINGS. There would not be enough to come in to break the price, but we paper manufacturers believe that to let down the bars so any country that is better situated through natural conditions to compete with us, and with the cheaper labor, that it would not be many years before the business would increase so that you would practically put the mills of this country out of business.

Mr. GRIGGS. Where are the importations from?

Mr. HASTINGS. Canada, Norway, and Sweden.

Mr. GRIGGS. There is no cheaper labor in Canada?

• Mr. HASTINGS. Yes, sir; a little cheaper labor.

Mr. GRIGGS. One of the mill men here swore that they had higher labor?

Mr. HASTINGS. I did not hear that statement, but we have a report from the select committee.

Mr. GRIGGS. I said "swore;" I meant, stated the fact.

Mr. HASTINGS. If he was a paper manufacturer, it would not have made any difference between swore and stated.

Mr. GRIGGS. I just wanted to keep the record straight, that is all.

Mr. CLARK. You have an idea that a paper manufacturer is more likely to tell the truth than other people?

Mr. HASTINGS. No, sir; not necessarily.

Mr. CLARK. Your remark, then, was supposed to be humorous?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. Are you one of the 24 men who were fined \$2,000 each?

Mr. HASTINGS. No, sir.

Mr. CLARK. Who were those gentlemen?

Mr. HASTINGS. I do not know.

Mr. CLARK. Do you undertake to tell this committee that you do not know the men who were prosecuted and fined \$2,000 apiece by the court?

Mr. HASTINGS. I certainly do. I might tell you an individual here and there.

Mr. CLARK. What were they fined for?

Mr. HASTINGS. They were accused of some kind of collusion.

Mr. CLARK. Collusion about what?

Mr. HASTINGS. As to selling or controlling the price or something of that kind. I do not know what.

Mr. CLARK. They were prosecuted under the antitrust law. Is that true or not?

Mr. HASTINGS. I tell you I do not know. They were not members of our association. They do not make that kind of paper.

Mr. CLARK. Any of them here?

Mr. HASTINGS. I do not know.

Mr. CLARK. What has become of the International Paper Company?

Mr. HASTINGS. It is still in existence.

Mr. CLARK. Do you undertake to say that they do not control or fix the price of paper in the United States?

Mr. HASTINGS. I certainly do.

Mr. CLARK. How much is paper selling for now?

Mr. HASTINGS. Whose paper?

Mr. CLARK. Anybody's paper.

Mr. HASTINGS. My paper is selling for 2.65, 2.75, and 3 cents.

Mr. CLARK. How much is that a ton?

Mr. HASTINGS. Anywhere from \$50 to \$60 a ton.

Mr. CLARK. How much was it selling for when the Dingley bill was passed?

Mr. HASTINGS. In what year?

Mr. CLARK. In 1897.

Mr. HASTINGS. I know that some paper sold as low as 1.50 and 1.60 cents.

Mr. CLARK. The effect of the Dingley bill has been to put the price up from \$32 or \$33 to \$55?

Mr. HASTINGS. I do not consider it did; no, sir.

Mr. CLARK. It went up?

Mr. HASTINGS. Yes, sir; so did wheat.

Mr. CLARK. The time it went up coincides with the life of the Dingley bill?

Mr. HASTINGS. Very well.

Mr. CLARK. There was no earthly connection with the two?

Mr. HASTINGS. Not necessarily.

Mr. CLARK. What did put it up?

Mr. HASTINGS. The law of supply and demand.

Mr. CLARK. The law of supply and demand?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. What made you shut down your factories and create a paper famine?

Mr. HASTINGS. I did not.

Mr. CLARK. Did anybody?

Mr. HASTINGS. I do not know.

Mr. CLARK. What did you say put the price of paper up?

Mr. HASTINGS. The law of supply and demand.

Mr. CLARK. How does it happen that you sell your paper \$10 a ton less abroad than you sell it to the paper men in the United States?

Mr. HASTINGS. I do not.

Mr. CLARK. Does anybody?

Mr. HASTINGS. Not that I know of.

Mr. CLARK. Did you ever hear of it being done?

Mr. HASTINGS. No, sir.

Mr. CLARK. Do you export paper?

Mr. HASTINGS. Not this year.

Mr. CLARK. Who does export paper?

Mr. HASTINGS. I presume the International Paper Company and probably the W. H. Parsons Company.

Mr. CLARK. Are you a part of the International Paper Company?

Mr. HASTINGS. I am not.

Mr. CLARK. Did the International Paper Company pick you to represent them?

Mr. HASTINGS. No, sir. I represent the American Paper and Pulp Association.

Mr. CLARK. Is it true that these paper concerns pay lower wages than the laboring men of like class receive in other occupations in the United States.

Mr. HASTINGS. I do not think it is. I think that that statement is incorrect for a similar class of labor.

Mr. CLARK. How much revenue does the paper business bring into the United States Treasury?

Mr. HASTINGS. In 1907 it brought in something like \$15,000,000 or \$17,000,000; but I do not mean that that was the amount of paper imported.

Mr. CLARK. How much revenue?

Mr. HASTINGS. It is roughly, perhaps, 15 per cent of that.

Mr. CLARK. Is not that rate about prohibitive?

Mr. HASTINGS. No, sir.

Mr. CLARK. If all the schedules, Mr. Hastings, brought in as little revenue in proportion to the amount of business, then, the United States Government would have to look to some other source of revenue besides the tariff?

Mr. HASTINGS. I do not know. I am not a tariff expert. I can not tell what the income is.

Mr. CLARK. You know the Government spends about a billion dollars a year?

Mr. HASTINGS. I know they spend a lot of money.

Mr. CLARK. Do you not know they spend about a billion dollars?

Mr. HASTINGS. I have seen it stated as something like a billion dollars.

Mr. CLARK. You do not take any interest in that?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. I think you are better informed than you seem to be. The question is, if all the other industries in the United States brought as little revenue to the Federal Government as the paper business does, in proportion to the volume of business, then the revenue derived from the tariff would be infinitesimal, almost; it would hardly be worth considering?

Mr. HASTINGS. How about the things we import that go into paper?

Mr. CLARK. That is just it. Is there a prohibitive tariff on what you use?

Mr. HASTINGS. Prohibitive as far as we are concerned.

Mr. CLARK. There is no revenue hardly comes into the Government from the paper business?

Mr. HASTINGS. There seems to be.

Mr. CLARK. Well, how much?

Mr. HASTINGS. Fifteen per cent or 20 per cent on practically \$20,000,000 of imports during the year 1907.

Mr. CLARK. There was \$20,000,000 of paper imported that year; how much last year?

Mr. HASTINGS. That is the year ending June 30, 1907; I have no figures after that.

Mr. CLARK. It amounted to about \$196,000.

Mr. HASTINGS. The income to the Government?

Mr. CLARK. Yes, sir.

Mr. HASTINGS. It must have been over that.

Mr. CLARK. Do you not think that you could stand a shaving down of one-half of this tariff so that the Government could get some revenue out of this business?

Mr. HASTINGS. No, sir.

Mr. CLARK. If everybody else reasoned that way where would the Government get its revenue?

Mr. HASTINGS. From some of the luxuries, I imagine.

Mr. CLARK. On luxuries. If we put the price up on luxuries so we keep them out we would not get any revenue on luxuries?

Mr. HASTINGS. They are pretty well up.

Mr. CLARK. You are a man a good deal above the average of intelligence—

Mr. HASTINGS (interrupting). I thank you.

Mr. CLARK (continuing). And you have a packed audience who laugh at anything you say.

If the rate is so high that it shuts out the stuff, the Government does not get any revenue?

Mr. HASTINGS. Certainly not.

Mr. CLARK. And if all these other tariff schedules were as high in proportion as this one is the Government could not get enough revenue out of the whole tariff system to run for a month?

Mr. HASTINGS. You make the statement and I am not going over your figures.

I wish to say that I am the representative of a lot of manufacturers. You speak of a "packed audience." There are a number of other manufacturers here. I understand Mr. Norris represents all the publishers in the United States.

Mr. CLARK. Mr. Norris happens to be one man as against the crowd here.

Mr. HASTINGS. He has the combination of newspapers back of him.

Mr. CLARK. They do not happen to be here.

Mr. HASTINGS. They are represented by one man.

Mr. CLARK. You think that the uniform price of paper in the United States is an accidental occurrence?

Mr. HASTINGS. There is no uniformity of price, as far as I know.

Mr. CLARK. Do you not know that that is practically the case?

Mr. HASTINGS. No, sir; I do not know that that is practically the case.

Mr. CLARK. That is all. I can not hope to get much information from you.

Mr. HASTINGS. I am ready to answer any questions, Mr. Clark.

Mr. RANDELL. How much does it cost to make this news print paper?

Mr. HASTINGS. The cost is different at different mills.

Mr. RANDELL. How much does it cost in the mills you operate?

Mr. HASTINGS. I can not tell you offhand to the cent, but I refer you to my testimony before the select committee which is printed where the cost per pound is given by decimals.

Mr. RANDELL. I care nothing about the decimals, I want to get at the facts. How much does it cost on an average to make news print paper?

Mr. HASTINGS. Perhaps at this time—it depends upon whether a man has his own wood or has to buy his wood pulp.

Mr. RANDELL. Do you really want to tell me the cost?

Mr. HASTINGS. I would like to know when you want the cost.

Mr. RANDELL. If you were to sell paper at so much f. o. b. mills, what would be the average price of that paper now?

Mr. HASTINGS. To-day?

Mr. RANDELL. Yes, sir.

Mr. HASTINGS. At my mill it would probably cost $2\frac{1}{2}$ cents. At another mill it might cost more than that.

Mr. RANDELL. A little over \$40 a ton?

Mr. HASTINGS. Yes, sir.

Mr. RANDELL. That is the paper you sell for \$55 or \$60 a ton?

Mr. HASTINGS. Yes, sir.

Mr. RANDELL. And the cost you named to me is all the expense, and the balance would be profit?

Mr. HASTINGS. That is not so. Do you want to know what we figure the cost of paper, what we figure for depreciation on the plant and the interest we have invested?

Mr. RANDELL. Not counting any depreciation on the plant.

Mr. HASTINGS. How are you going to arrive at the cost? Who is going to pay for the depreciation?

Mr. RANDELL. What I want to get at is the difference in the cost of manufacture, the daily or monthly output, and the price that you get for the product.

Mr. HASTINGS. I do not think that is a fair question because what we get to-day might be an entirely different proposition next month.

Mr. RANDELL. Outside of the depreciation and value of your plant, would the \$40 a ton represent what that paper cost you now, the paper which you sell for \$55 or \$60 a ton?

Mr. HASTINGS. Less the freight and cartage.

Mr. RANDELL. There is no freight about it, it is delivered f. o. b.?

Mr. HASTINGS. I was not giving you the price delivered on board.

Mr. RANDELL. I said f. o. b.?

Mr. HASTINGS. You are coupling the cost price with the delivery price, without making any allowance for freight.

Mr. RANDELL. Do you mean to say that you did not give the price at the mill?

Mr. HASTINGS. The price at the mill and also the price delivered, but where is the freight coming in?

Mr. RANDELL. Did you not say that the price that the paper cost you f. o. b. at mill was 2.2 cents?

Mr. HASTINGS. Two and one-eighth cents.

Mr. RANDELL. Did you not state that it was all profit, except what would be the deterioration in the value of the plant? You did not say anything about freight?

Mr. HASTINGS. You did not say anything about the selling price.

Mr. RANDELL. You would have no freight to pay if this was f. o. b.?

Mr. HASTINGS. Then we did not get \$55.

Mr. RANDELL. How much did you get?

Mr. HASTINGS. Probably \$50.

Mr. RANDELL. What is the price?

Mr. HASTINGS. Fifty dollars.

Mr. RANDELL. That would make a difference of about \$15?

Mr. HASTINGS. Yes, sir; \$7 or \$8.

Mr. RANDELL. What was the price a year ago or fifteen months ago?

Mr. HASTINGS. The price was about the same, a little less, if anything, but in the interim it was lower.

Mr. RANDELL. It is higher now than before the panic?

Mr. HASTINGS. It is about the same, a little higher, if anything, than before the panic.

Mr. RANDELL. What caused it to go up?

Mr. HASTINGS. The law of supply and demand.

Mr. RANDELL. What caused it to go down?

Mr. HASTINGS. The same reason.

Mr. RANDELL. There was no demand for it?

Mr. HASTINGS. Exactly.

Mr. RANDELL. I thought that the newspaper people were complaining that they could not get paper unless they paid \$10 a ton more for it. Was it the great demand that made it go up \$10 a ton?

Mr. HASTINGS. Yes, sir; certainly.

Mr. RANDELL. Where was that demand, in the United States?

Mr. HASTINGS. Yes, sir.

Mr. RANDELL. Was that a sudden demand?

Mr. HASTINGS. It was a gradual, growing demand.

Mr. RANDELL. Was there anything extra in the cost?

Mr. HASTINGS. The cost went up somewhat.

Mr. RANDELL. What was there in the cost of production that made the price of your paper go up?

Mr. HASTINGS. Labor particularly.

Mr. RANDELL. How much higher is your labor now than fifteen months ago?

Mr. HASTINGS. I will not say that there is very much difference in the cost of labor, but when we went from the two-tour to the three-tour system then our labor cost went up.

Mr. RANDELL. When was that?

Mr. HASTINGS. In January, 1907.

Mr. RANDELL. You say that there is no understanding throughout the United States or among any of the mills that you know about or in the association which you are president of—that there is no understanding to keep up the price and to have a uniformity of price?

Mr. HASTINGS. No, sir.

Mr. RANDELL. Or any division of territory?

Mr. HASTINGS. No, sir.

Mr. RANDELL. Do I understand that you do not know of any such thing or that it does not exist?

Mr. HASTINGS. I do not believe it exists. Our association has nothing to do with it in any event. All the men who make paper do not belong to our association.

Mr. RANDELL. Do you think there is any chance for competition to come in, any reasonable business chance, which would reduce the price of this paper that you say the demand caused to rise, if the tariff remains as it is now?

Mr. HASTINGS. Yes, sir; it has in the past.

Mr. RANDELL. Where?

Mr. HASTINGS. There is one mill in construction in Minnesota with a capacity of 200 tons a day with a promise to the prospective buyers of bonds and stocks that they can within six months or a year double the capacity. That is in the United States under the protective tariff. I do not believe that they could sell the stocks and bonds if you took the tariff off.

Mr. RANDELL. How did you find that out?

Mr. HASTINGS. That is public property; it has been in the papers.

Mr. RANDELL. Has it any connection with your mills?

Mr. HASTINGS. No, sir.

Mr. RANDELL. That would be an increase of 400 pounds as against 3,500 pounds a day now?

Mr. HASTINGS. Yes, sir; practically 10 per cent.

Mr. RANDELL. Will that, in your opinion, cause the price to go down?

Mr. HASTINGS. It has always had a lowering effect.

Mr. RANDELL. Do you think that when that mill goes into operation the effect will be to reduce the price \$10 a ton?

Mr. HASTINGS. It will have a lowering effect. I will not state any amount, because I do not know. It depends on whether the market absorbs the product.

Mr. RANDELL. Does it cost more to make the paper now?

Mr. HASTINGS. Yes, sir.

Mr. RANDELL. Why?

Mr. HASTINGS. I have tried to explain that.

Mr. RANDELL. Is the stumpage higher?

Mr. HASTINGS. We have not any stumpage.

Mr. RANDELL. Have you any timber lands?

Mr. HASTINGS. No, sir. We buy the wood. We have a small mill compared with some of the other mills.

Mr. RANDELL. You represent this association, but you only have a few mills yourself?

Mr. HASTINGS. Only one mill.

Mr. RANDELL. Do you think that if the revenue was increased by lowering this tariff that it would injure your business?

Mr. HASTINGS. Yes, sir; it would.

Mr. RANDELL. Suppose we cut the tariff in two, what effect would that have?

Mr. HASTINGS. Three dollars a ton is more than a mill of our class has made on an average in ten, fifteen, or twenty years.

The CHAIRMAN. Are you a practical paper manufacturer?

Mr. HASTINGS. Yes, sir; I think I am, sometimes.

The CHAIRMAN. You claim that a duty equivalent to about 15 per cent is necessary for the protection of the American manufacturer?

Mr. HASTINGS. Yes, sir; I do.

The CHAIRMAN. I want you to give me the facts, showing why that duty is necessary.

Mr. HASTINGS. In written shape, you mean?

The CHAIRMAN. I would like to have them "right off the bat" and now.

Mr. HASTINGS. I would rather give you that data a little later than to give it in such shape that I might be picked to pieces here.

The CHAIRMAN. You are not prepared to give it now?

Mr. HASTINGS. I would rather not. I would rather submit it to the committee.

The CHAIRMAN. Have you that information in written shape now?

Mr. HASTINGS. No, sir.

The CHAIRMAN. You will put it in a brief and file it with the committee?

Mr. HASTINGS. Yes, sir.

The CHAIRMAN. As far as I am concerned, I am more interested in that question than any other. I want to know why the protection is necessary.

Mr. HASTINGS. I will be very glad to give you that information. In a general way I have stated that in this brief which I will file, but if we are going to get into a tariff argument I do not want to stand up here and be picked to pieces by gentlemen who know more about it than I do.

Mr. CLARK. Do you really think that there is anybody in this room who knows more about the paper business than you do?

Mr. HASTINGS. I think you know more about the tariff.

Mr. CLARK. In a general way that may be, but you have a particular part of the tariff to talk about that you know more about than I do.

The CHAIRMAN. Is there anyone here to give that information?

Mr. HASTINGS. Yes, sir; a gentlemen will follow me who can give that information.

Mr. GRIGGS. The importations of print paper last year are given 21,123,254 pounds, value, \$596,819, and the duty paid \$96,000. The exportations, you understand, which we have been discussing here, were 120,090,056 pounds, with a value of \$3,514,281. Will you tell me why it is that we are able to export in competition with the foreign concerns?

Mr. HASTINGS. Is that pounds?

Mr. CLARK. Dollars.

Mr. HASTINGS. Under what heading is that?

Mr. GRIGGS. "Exportations of printing paper."

Mr. CLARK. It is a government document.

Mr. HASTINGS. I know that I have never run across such figures and such a discrepancy; I do not understand it.

Mr. GRIGGS. You can not explain that?

Mr. HASTINGS. No, sir.

Mr. GRIGGS. We sent 48,000,000 pounds to the United Kingdom; 18,000,000 pounds to Japan; 12,000,000 pounds to Argentina; 6,000,000 pounds to Canada, the place you seem to be so much afraid of; 8,000,000 pounds to Australia, Tasmania, and New Zealand; 6,000,000 to Chile; 7,000,000 to Cuba, and more than a million pounds to Uruguay and Mexico each. Do you not think that pretty well covers the world?

Mr. HASTINGS. Yes, sir. I think we would cover the whole world if you would give us more protection.

Mr. GRIGGS. Do you not think that you have covered it pretty well now?

Mr. HASTINGS. We are doing very well, but we could do better. We have lots of nerve; the trouble is we have not enough money.

Mr. CLARK. The chairman asked you about the various items that made up this cost so that you required this 15 per cent duty to enable you to come out as you have come out; whether that is in the hole or not, I will not undertake to say now. That is one phase of this matter. Another one is that the Treasury is running behind at the rate of about \$12,000,000 a month—

The CHAIRMAN (interrupting). You have not the latest information. The condition has improved.

Mr. CLARK. If it has improved, I am glad of it.

The CHAIRMAN. Business is improving.

Mr. CLARK. Business has not improved except in the newspapers.

The CHAIRMAN. We will soon have a surplus.

Mr. CLARK. There is a large deficiency in the revenues; whether it is as large as I stated or as little as the chairman makes it, does not make any difference. We have got to make up that deficiency somewhere. That is one of the functions of this committee. Do you not

think that the paper manufacturers in the United States ought to be willing to stand their part of whatever hardship it is to raise this deficiency in the revenues like everybody else has to stand their part? What do you say, as an American citizen?

Mr. HASTINGS. I say that we are paying our part.

Mr. CLARK. But you are not doing anything, according to these figures that Mr. Griggs has just read to you, because there has only been contributed \$196,000.

Mr. HASTINGS. I do not understand that. In the first place, if we import \$20,000,000 worth of paper on a basis of 15 per cent, I do not understand why it would not be over \$196,000.

Mr. CLARK. If it is over \$300,000, that is a small amount. You are not willing to stand any reduction in the tariff, according to your present attitude.

Mr. HASTINGS. We say that we are standing something now; we are standing it on the materials that go into the manufacture of paper.

Mr. CLARK. What is the difference between the American price of your paper and the foreign price—\$10 a ton?

Mr. HASTINGS. No, sir; I do not think it is.

Mr. CLARK. Do you not sell the same paper which you sell to the American consumer at \$55 and \$60 a ton in Europe at \$45 and \$50 a ton?

Mr. HASTINGS. No, sir.

Mr. CLARK. Now, as a matter of fact, do you export paper?

Mr. HASTINGS. I have in the past, but not of late years.

Mr. CLARK. What is the difference between the selling price in Europe of American news paper and the selling price in America?

Mr. HASTINGS. I do not think there is any difference.

Mr. CLARK. Do you want to stand on that question?

Mr. HASTINGS. I do, as far as the American paper is concerned.

Mr. CLARK. According to your figures, you make a net profit of \$8 on every ton of paper you manufacture?

Mr. HASTINGS. We do to-day, but not yesterday.

The CHAIRMAN. You are making more than a year ago?

Mr. HASTINGS. No, sir.

Mr. CLARK. Then the panic has not hurt you a particle?

Mr. HASTINGS. I do not know how you can say that.

Mr. CLARK. If you are making as much profit now as then?

Mr. HASTINGS. How about six months ago; you make a big jump in a year?

Mr. CLARK. We have been measuring things here by common consent by the year.

Mr. HASTINGS. But the question has been put to me what it was to-day and nothing was said about what it was six months ago.

Mr. CLARK. How much profit were you making on a ton of paper a year ago?

Mr. HASTINGS. About the same amount.

Mr. CLARK. And how much about six months ago?

Mr. HASTINGS. We were selling paper six months ago at 2½ cents.

Mr. CLARK. How much is that a ton?

Mr. HASTINGS. Forty-five dollars.

Mr. CLARK. And it was \$55 a year ago?

Mr. HASTINGS. Fifty dollars to \$55. Of course there are different grades.

Mr. CLARK. I know.

Mr. HASTINGS. The price is \$2.50, or \$50 a ton, for something that Mr. Norris might use in the Times and \$55 for the same paper to some little fellow out in Squeedunk, the difference in the price being the actual difference in the cost.

Mr. CLARK. The fellow out in Squeedunk would be considered a retail buyer?

Mr. HASTINGS. It costs us more to produce the paper and put it up in bundles and wrap it.

Mr. CLARK. That is practically the retail trade; that would not be the case with Mr. Norris?

Mr. HASTINGS. If Mr. Norris was to say that he wanted his paper all in sheets and bundles we would charge him \$5 more.

Mr. CLARK. I am trying to get some information, although it is pretty hard to do.

Mr. HASTINGS. I want to set myself right. I am perfectly willing to answer all the questions I can, Mr. Clark.

Mr. CLARK. You got \$55 a ton practically a year ago?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. And you got \$45 six months ago?

Mr. HASTINGS. Yes, sir; and it has gone up to \$55 again.

Mr. CLARK. What made it go up?

Mr. HASTINGS. The law of supply and demand.

Mr. CLARK. There is not any more demand for news paper now than six months ago?

Mr. HASTINGS. There is less being made.

Mr. CLARK. How did that happen?

Mr. HASTINGS. God shut off the rain in most parts of the country.

Mr. CLARK. You did not have any drought in the East.

Mr. HASTINGS. Yes, sir; a very serious one.

Mr. RANDELL. Your mill is located at Niagara Falls?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. Was there any scarcity of water at Niagara Falls?

Mr. HASTINGS. That is the reason we are making a little paper.

Mr. CLARK. You get \$8 profit, according to your own statement?

Mr. HASTINGS. Roughly; yes, sir.

Mr. CLARK. How often do you turn your money over in this business; every twelve months?

Mr. HASTINGS. In a year and a half on the average.

Mr. CLARK. You turn it over once in a year and a half?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. How much is your company capitalized for? You do not need to answer that question if you do not care to.

Mr. HASTINGS. I have no hesitancy about answering the question; \$100,000.

Mr. CLARK. How much of that is money paid in and how much of it is water?

Mr. HASTINGS. One hundred thousand dollars paid in, good, hard cash.

Mr. CLARK. How much stock issued for the \$100,000?

Mr. HASTINGS. One hundred thousand dollars.

Mr. CLARK. How much of a dividend do you pay?

Mr. HASTINGS. We paid on the first of the year a 24 per cent dividend.

Mr. CLARK. That is a pretty fair profit?

Mr. HASTINGS. Yes, sir. We have more money invested than \$100,000. You did not ask me about that.

Mr. CLARK. That is what I want to get at. How much money have you got invested?

Mr. HASTINGS. We have between \$400,000 and \$500,000.

Mr. CLARK. And you make 24 per cent?

Mr. HASTINGS. One year we did.

Mr. CLARK. That would tide you over two or three bad years?

Mr. HASTINGS. On \$500,000 it is less than 5 per cent.

The CHAIRMAN. The dividend was 24 per cent?

Mr. HASTINGS. Yes, sir.

The CHAIRMAN. On what amount?

Mr. HASTINGS. One hundred thousand dollars.

Mr. CLARK. The dividend was 24 per cent on \$100,000?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. How much have you invested?

Mr. HASTINGS. Nearly \$500,000.

Mr. CLARK. What is it invested in?

Mr. HASTINGS. Buildings and machinery.

Mr. CLARK. The whole thing?

Mr. HASTINGS. No, sir.

Mr. CLARK. You do not own any timber lands?

Mr. HASTINGS. No, sir.

Mr. GRIGGS. Why did you capitalize the company at \$100,000?

Mr. HASTINGS. It is a sort of a closed corporation. A few people put up the original \$100,000 invested. Then we went on and doubled the plant and paid for that out of our own pockets, paid ourselves back, and we still have \$100,000 left.

Mr. UNDERWOOD. You really acquired this additional surplus out of your earnings?

Mr. HASTINGS. Yes, in twenty years or more.

Mr. CLARK. You did get it out of the earnings?

Mr. HASTINGS. We have. But there were a good many years that we did not pay a dividend.

Mr. CLARK. You had some misunderstanding about what the basis is. As the basis of profit you ought to take the amount of money you paid in, ought you not?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. Then you ought to mark off, if that is the proper term, whatever depreciation there is on your plant?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. And then you ought to add the labor cost, and the cost of material, and the transportation charges, so as to get it f. o. b., and then you ought to subtract what that would cost you from what you get out of the stuff ultimately, and that is what you calculated or declared a dividend on?

Mr. HASTINGS. I do not follow your bookkeeping exactly, but in a general way I think you have got it all in. [Laughter.] In a general way we charge off everything, and if there is anything left we call it a dividend.

Mr. GRIGGS. You do not lay aside any property for the surplus fund?

Mr. HASTINGS. In answer to the question, it is merely a question of so much money that we have got invested in that mill that we did not take out in profits, some that we were entitled to take out; and we were surely entitled to profits at some time.

Mr. GRIGGS. You said you took out \$100,000.

Mr. HASTINGS. Yes; in one year.

Mr. GRIGGS. And in addition to the profits you have taken out as dividends you have a surplus of \$400,000?

Mr. HASTINGS. Yes; but that is the aggregate of a number of years. That is not for one year. We did not accumulate that in one year.

Mr. GRIGGS. I am not as big a fool as I look like.

Mr. HASTINGS. I did not take you to be one. [Laughter.]

Mr. CLARK. Have you any data as to any manufacturing concern in the United States engaged in any sort of business that is making more than 5 per cent?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. I would like to know where it is.

Mr. HASTINGS. I live in Niagara Falls part of the time and part of the time in New York. We have at Niagara Falls the Shredded Wheat Company. We make these hay biscuits [laughter], and I was fortunate enough to save a little money at one time, and I have got some stock in that, and I know we pay that. That is one concern that I know of.

Mr. CLARK. I have been diligently searching among all these fellows that have come here to find one fellow who has made a reasonable profit.

Mr. HASTINGS. I think the manufacturers of paper are entitled, as other manufacturers are, to a reasonable profit.

Mr. CLARK. I know, but I have been searching, I tell you, since these hearings began to find some one who was making a reasonable profit.

Mr. RANDELL. Did you say you make \$8 a ton profit?

Mr. HASTINGS. To-day from \$8 to \$9.

Mr. RANDELL. And you make 40 tons a day. That would be over 10,000 tons a year, or \$80,000 profit a year, and at that you would be making 20 per cent profit.

Mr. HASTINGS. No; you are taking one period and then jumping a number of months out of that period.

Mr. RANDELL. If you were in the same condition as a year ago, my figures would be correct.

Mr. HASTINGS. In two months from now the condition might be entirely different, possibly. The price of wheat to-day and the price six months ago and the price six months from now may be different you know.

Mr. RANDELL. Were the conditions favorable in 1906?

Mr. HASTINGS. Yes, sir.

Mr. RANDELL. How much less did you make then? Did you make \$7.50 or \$8.50?

Mr. HASTINGS. No.

Mr. RANDELL. Six dollars and fifty cents?

Mr. HASTINGS. No.

Mr. RANDELL. Five dollars?

Mr. HASTINGS. I do not think so. I think my report, however, shows exactly what we did make, which was proven by figures. There are no secrets about it. If you gentlemen, as I suppose you will, are going to run over these figures which are given from time to time in the different investigations of the select committee, you will get information that I swear we did not know ourselves about our neighbors.

Mr. GRIGGS. I do not intend to confine you to a day or an hour or a week or a particular month. How long have you been in the paper business?

Mr. HASTINGS. About twenty years.

Mr. GRIGGS. And you have made in twenty years \$400,000 surplus. That makes \$20,000 a year on \$100,000. That is 20 per cent, because you must admit that that is property, is it not?

Mr. HASTINGS. No, sir. It is on leased ground, this plant is.

Mr. GRIGGS. But it is worth that to you?

Mr. HASTINGS. No, sir.

Mr. GRIGGS. You say you have \$400,000 or more invested?

Mr. HASTINGS. Yes. It may be permanent, and—

Mr. GRIGGS. It is in there?

Mr. HASTINGS. Yes; it is in there, but we could not get it out. I would say frankly to you we are on leased ground. It is on one of the great power companies there. It is on a very low-priced water power—lower than we could get it ourselves. Otherwise we are handicapped there by being away from the forest, and as a matter of fact it is doubtful at the end of a ten or fifteen year lease what shape it will be in.

Mr. GRIGGS. When is your lease up?

Mr. HASTINGS. In 1926. It is not very far off.

Mr. GRIGGS. Whether you have gotten your money out or not, you have made that money and put it in it?

Mr. HASTINGS. Yes; but we have not got it out.

Mr. GRIGGS. That is a question of business judgment, not of tariff.

Mr. HASTINGS. I do not know about that. We would not have accumulated that if we had not had a tariff.

Mr. GRIGGS. And you accumulated, in addition to that, as I believe you told Mr. Randell, an average of 5 per cent?

Mr. HASTINGS. No. I do not think I said that. I said I did not think we have made an average of 5 per cent.

Mr. GRIGGS. I did not mean what you have made, but what you had paid in dividends.

Mr. HASTINGS. I said in answer to Mr. Clark that it was less than 5 per cent of the money we have invested.

Mr. GRIGGS. You are not counting the \$20,000 you made every year and put in this, which in itself is 20 per cent. Then in answer to Mr. Clark you said you have made 5 per cent—"probably 5 per cent," to use your exact language—on the money you had invested, which was \$500,000.

Mr. HASTINGS. That was the year we paid that dividend.

Mr. GRIGGS. What is your average on your investment?

Mr. HASTINGS. I could not tell you offhand. I have brought my books down here and given them a transcript from them.

Mr. GRIGGS. You put a little in that Havenner Biscuit Company, did you not?

Mr. HASTINGS. No, sir. I got out of that and put it into the shredded wheat. I am county treasurer up in that county.

Mr. BOUTELL. How many paper mills, Mr. Hastings, are there in the country, altogether?

Mr. HASTINGS. There are, roughly, of all calsses something like 600.

Mr. BOUTELL. How many of these are in the organization of which you are president?

Mr. HASTINGS. I think the last report I had was 157 mills and individuals.

Mr. BOUTELL. So that there are 443 mills or manufacturers that are not in the association?

Mr. HASTINGS. Yes, sir.

Mr. BOUTELL. Of these 443, are any of them in any other association?

Mr. HASTINGS. There is no other paper association except this, except that of the stationers.

Mr. BOUTELL. How is it as to the International Paper Company and the American?

Mr. HASTINGS. They have one membership in it, just as I might have.

Mr. BOUTELL. They are one of the 443?

Mr. HASTINGS. No, sir; they are one of the 157. They are members of this association.

Mr. BOUTELL. You have given the entire domestic production of paper. Can you tell by a proportion of the paper output how many of these mills own their own lands from which they get their materials?

Mr. HASTINGS. No, I could not. They make no report.

Mr. BOUTELL. Do you know if that appears in any of these papers?

Mr. HASTINGS. I believe the paper that will be read by Mr. Lyman, who replies for the International Paper Company, will have a lot of information in it that I have not got, but of course they own a good many mills and woodlands.

Mr. BOUTELL. You have to go into the market to buy your pulp wood and your wood pulp?

Mr. HASTINGS. Yes.

Mr. BOUTELL. You do not know how many mills are in that position?

Mr. HASTINGS. No, sir.

Mr. BOUTELL. You do not know what proportion it may be by ratio of output?

Mr. HASTINGS. No, sir. Most of the mills up near Watertown own their own timber lands, whereas at Niagara Falls there is no timber land within easy reach, and we could not operate to advantage with the small amount of wood that we would get, and therefore it is cheaper for us to buy in the open market.

Mr. BOUTELL. What I hope will be brought out in this hearing is the ratio between the paper output and the ownership of stumpage.

Mr. HASTINGS. If anybody could answer that, Mr. Lyman could, who will follow me.

Mr. BOUTELL. Do you know how many of these paper mills there are in Canada?

Mr. HASTINGS. Roughly, I know of the news end of it, because that has always been my business, and I understand it is something

like 450 tons of newspaper produced there under normal conditions, of which the home market of Canada used 90 tons and the other is 360 tons of export news out of the country, and that is practically all the amount that is raised. There may be other grades used at home in Canada, like wrapping paper and board and things of that kind.

Mr. BOUTELL. So that with the falling off of supplies in this country there will be an increased demand in this country, or if we repeal this duty the natural source of supply of the United States would be Canada?

Mr. HASTINGS. There is no question about it.

Mr. BOUTELL. When we repeal this duty on pulp or paper—

Mr. HASTINGS. When you do repeal it [laughter]—

Mr. BOUTELL. Put it that way. When we do, or if we do; supposing that the duty be repealed on the paper or the pulp, would we receive importations from any other country than Canada?

Mr. HASTINGS. Yes, sir; you would. You would receive shipments from Norway and Sweden, and inside of three years you would receive shipments from the Baltic, in Russia, where at present they are building sulphite mills to use their immense forests with pauper labor.

Mr. BOUTELL. In direct competition with the paper of Canada?

Mr. HASTINGS. Yes, sir.

Mr. UNDERWOOD. On that line I would like to ask you a question. A while ago you answered that if the price of paper to-day was \$55 a ton—

Mr. HASTINGS. Of course, a great deal of paper is being sold for less than that on contract.

Mr. UNDERWOOD. Across the line, what is the same kind of paper selling for in Canada?

Mr. HASTINGS. I do not know. Mr. Marcuse may tell you. Some Canadians bought some of us at auction. I think they got \$2.25 for it. That is \$45 per ton.

Mr. UNDERWOOD. There is a difference in the price of paper to-day or any other day of from \$10 to \$25 a ton. If the duty was removed on manufactured wood pulp and newspaper, to what extent would it reduce the price in this country?

Mr. HASTINGS. I believe it would reduce the price pretty nearly the amount of the tariff; perhaps half. I say "half" because I happen to know that in the last year, when the price of paper went up here through natural causes, the Canadians thought that the American market was just ripe for their plucking and they came over here and made contracts for several United States papers; but in the contracts it was expressly stipulated that if the duty was taken off by the United States the Canadian was to have half and the American publisher was to have half. In other words, he proposed to divide if the duty was taken off. That is provided in the contract.

Mr. UNDERWOOD. With paper selling at \$45 in Canada to-day, if the duty on wood pulp was all taken off at this moment, what would you say would be the price in this country?

Mr. HASTINGS. It would be the same. There is no surplus there.

Mr. UNDERWOOD. The price of paper then to-day would be \$55 in this country?

Mr. HASTINGS. Yes.

Mr. UNDERWOOD. How would it be \$55 in America or in the United States and \$45 in Canada?

Mr. HASTINGS. For the reason that the market price is there. Most of their paper is bought on contract, and the market here for what little I might have to sell would be \$55. It would not be within \$4 or \$5 a ton less.

Mr. UNDERWOOD. As the head of this association, I would like to have you answer a question. I do not care whether you take to-day to do it, or to-morrow, or any particular time, but I want to find out what you think would be the general effect of the reduction of this tariff. Take any day and fix the price of paper of to-day, with the duty on, and tell me what in your judgment the price would be with the duty off?

Mr. HASTINGS. That, as I gather, was about what the Chairman wanted me to do.

Mr. GRIGGS. And give the reasons.

Mr. UNDERWOOD. Can you tell me what would be the difference in price with the duty off in this country?

Mr. HASTINGS. I say to-day I do not think there would be any difference, because there is not any paper to come in.

Mr. UNDERWOOD. If we repealed all duty to-day, the price would be the same?

Mr. HASTINGS. Yes; but what it would be six weeks or a month from now I could not say.

Mr. UNDERWOOD. While you said the general conditions of the trade are there, do you feel that the repeal of this duty would lessen the price of paper in this country or not?

Mr. HASTINGS. I believe it would.

Mr. UNDERWOOD. To what extent?

Mr. HASTINGS. Practically, as I said a few moments before, half of the duty, or about \$3 a ton, because the Canadian demands half of it in the contracts which he did make last year in this country.

Mr. UNDERWOOD. Then if paper under the duty was selling at \$55, it would sell for \$51.50 with the duty off?

Mr. HASTINGS. It would be \$52.50. That is, on your basis of figuring.

Mr. UNDERWOOD. You think it would sell on the basis of \$52.50?

Mr. HASTINGS. Yes. But as I say, I would not go into a tariff discussion here on that, but I will be glad to submit something at the chairman's suggestion.

Mr. GRIGGS. Does the price in Canada go down in Canada when it goes down here? When it was \$45 a ton six months ago here was it then \$45 a ton in Canada?

Mr. HASTINGS. I do not know. Really it does not come into this market.

Mr. GRIGGS. They export to England?

Mr. HASTINGS. They can get in there without a tariff. But take off the tariff wall here—and we are right across the border from Canada—next door—and we will get it on account of the freight rates.

Mr. GRIGGS. If we take off this duty would your mill be for sale?

Mr. HASTINGS. Yes. It is for sale now if anybody wants it. In reply to the publishers' accusation, I must say they are utterly foolish,

if they have the money that they are reputed to have made in their own business, in not having gone into the paper business. They ought to build mills. What is the use of getting out in the middle of the road and hallooing when they have a chance to remedy their own condition?

Mr. UNDERWOOD. The freight rates are heavy?

Mr. HASTINGS. Yes, sir.

Mr. UNDERWOOD. What advantage has the American mill over the Canadian mill in the matter of freight rates?

Mr. HASTINGS. Very little.

Mr. UNDERWOOD. Is not the American mill nearer to the Canadian market?

Mr. HASTINGS. Very little nearer. I have in my brief here the different freight rates from Canadian mills and from several American mills. You can judge for yourselves.

Mr. UNDERWOOD. What would you estimate the difference to be?

Mr. HASTINGS. I should say not over 2 per cent.

Mr. UNDERWOOD. Figure that in tons.

Mr. HASTINGS. From my mill to New York or to Boston it would be 15 cents. That is an even figure. From Chisholm, Me., to Boston it is 17 cents. They do not give the rate from the Canadian mills to Boston, but here is New York, 18 cents. That would be a dollar a ton, roughly, on that one shipment from Grand Mere, one of the large mills in Canada, to New York.

Mr. UNDERWOOD. In favor of the American manufacturer?

Mr. HASTINGS. In favor of the American manufacturer.

Mr. HILL. Right on that subject, would you not have the disadvantage of having to pay more freight on your pulp wood than the Canadian mill would in bringing your supplies to you?

Mr. HASTINGS. Yes, sir.

Mr. HILL. How would the two things offset each other?

Mr. HASTINGS. The Grand Mere mill absolutely has no freight rate. The river brings its supply to its door.

Mr. HILL. What is your freight rate?

Mr. HASTINGS. Ours is on the average \$4 a cord from the average shipping point, if we get it in Canada.

Mr. UNDERWOOD. You do not buy it in Canada?

Mr. HASTINGS. We buy a good deal in the United States, and some in Canada.

Mr. UNDERWOOD. The western paper mills are very much nearer the western markets for the sale of their paper than the Canadian mills are, are they not?

Mr. HASTINGS. Yes.

Mr. UNDERWOOD. What is the differential in their favor on freight rates?

Mr. HASTINGS. I could not answer that, because I do not know.

Mr. UNDERWOOD. It would be considerably smaller than the differential you figured a moment ago?

Mr. HASTINGS. I think it would.

Mr. GRIGGS. If the tariff was taken off everything else, would you be willing to have it taken off paper?

Mr. HASTINGS. Yes; I should say I would, because as a general plea that might answer. But I would not vote for such a proposition, and I am not a tariff shark, either.

Mr. GAINES. What proportion of the print paper does the International Paper Company make in the United States?

Mr. HASTINGS. Forty-three per cent, according to the last statement I saw.

Mr. GAINES. That is less than half.

Mr. HASTINGS. That is less than half.

Mr. GAINES. You were asked about contributing to the tariff duties or revenues of the Government. I see that we imported of wood pulp, mechanically ground and chemically unground and chemically bleached, 477,000,000 pounds, on which a duty was paid of \$678,000, in round numbers.

Mr. HASTINGS. I understood from Mr. Clark that we had only paid \$200,000.

Mr. CLARK. That was on paper.

Mr. GAINES. On paper, \$96,000.

Mr. GRIGGS. On page 561 it is \$96,000 as duties on paper.

Mr. GAINES. The duties on wood pulp were \$678,000 and something?

Mr. GRIGGS. What page is that?

Mr. GAINES. Page 558. Adding to that \$96,000 on print paper, it would make, in round numbers, \$770,000 of tariff. You import your wood pulp, do you?

Mr. HASTINGS. We manufacture our own mechanical pulp and buy our sulphite pulp.

Mr. GAINES. Under what rate does that come?

Mr. HASTINGS. Chemical pulp.

Mr. GAINES. How much do you import in a year?

Mr. HASTINGS. We are not importing much of it. We are getting some now from Canada, because of the shortage some time ago, on contracts. Our aim is to buy American pulp.

Mr. GAINES. What is the present price of print paper in New York?

Mr. HASTINGS. Do you mean if a man wants a carload and wants it bad—right away?

Mr. GAINES. For one of the big New York dailies, for example?

Mr. HASTINGS. Their prices are \$45 a ton, I understand.

Mr. GAINES. Do you know how much that would be on one single paper?

Mr. HASTINGS. On a paper the size of a New York paper, perhaps the Globe-sized page, or the Staats-Zeitung size, it would be about two and one-half mills. [Laughter.]

Mr. GAINES. I do not happen to know those papers. Say the New York Sun size?

Mr. HASTINGS. That is practically the same size—an eight-page paper.

Mr. GAINES. Suppose the whole amount of tariff was added to the price of print paper. How much would that increase the cost of a single copy of a paper? Assuming that the tariff increases the cost of a paper about the whole amount of the tariff, how much, then, would it increase on that assumption the price of a single paper?

Mr. HASTINGS. Thirty-seven one-hundredths of a mill. [Laughter.]

Mr. GAINES. Then Mr. Norris was right in saying that they probably could not pass it on to the ultimate consumer.

Mr. HASTINGS. I am afraid they could not.

Mr. GAINES. Now take the small country daily. You spoke a while ago about wrapping up bundles for the small papers. At the present price of paper to those concerns, what would it amount to on a single paper?

Mr. HASTINGS. It would be so small that it would be quite difficult to figure it.

Mr. GRIGGS. Would it not be the same as any eight-page paper?

Mr. HASTINGS. No. They are generally smaller, and the country paper is usually printed once a week. It would be the same if the paper was the same size, a weekly paper with a thousand circulation, 2 reams of paper weighing 100 pounds. To the publisher of such a paper it would amount to \$15 a year for his whole paper bill, a thousand copies a week, 52 times a year. It would make a difference of about \$15 a year if the purchaser paid the whole duty, that is the publisher; and to the consumer it would amount to——

Mr. GAINES. It would amount to that to the publisher for all these papers?

Mr. HASTINGS. Yes, if he paid the duty. The cost of the New York paper was a quarter of a cent, two and one-half mills, for the paper.

Mr. GAINES. I am trying to get at that country newspaper cost if I can.

The CHAIRMAN. It takes about two reams for the country newspaper with a thousand circulation.

Mr. HASTINGS. That is just what I said.

The CHAIRMAN. How much does that weigh?

Mr. HASTINGS. About 50 pounds to the ream.

The CHAIRMAN. A country newspaper man told me it was 30 pounds. Some is heavier than others, I suppose?

Mr. HASTINGS. Yes.

The CHAIRMAN. Fifty pounds to the ream—that would be 100 pounds to an edition, would it not?

Mr. GAINES. You will get me mixed up in my calculations, which will confuse Mr. Hastings. [Laughter.]

The CHAIRMAN. I hope to hear some witnesses on the vital facts of the case.

Mr. GAINES. How much did you say, Mr. Hastings, that that would amount to on a single paper?

Mr. HASTINGS. On a single paper it would amount to thirty-seven one-hundredths of a mill, the duty. [Laughter.]

Mr. CALDERHEAD. It is three-tenths of a cent a pound, is it not?

Mr. HASTINGS. Yes.

Mr. CALDERHEAD. It would take about six of those papers to weigh a pound?

Mr. HASTINGS. More than that.

Mr. GAINES. Will you make a calculation and file it, showing exactly what the increased cost of a single paper would be of the sort we are talking about, on the assumption that the entire duty is added to the cost of the home product?

Mr. HASTINGS. Yes, sir.

The CHAIRMAN. It would take a little less than \$10 a year. That is what it would be.

Mr. HASTINGS. On a 50-pound paper it would be \$15 a year.

The CHAIRMAN. That would be 5,200 pounds a year. That would be \$2.50, and the whole duty would be \$15.

Mr. CLARK. You are taking the smallest paper you can find, printed on the flimsiest kind of paper.

Mr. HASTINGS. Are you speaking of the published circulation or the actual circulation? [Laughter.]

Mr. CLARK. About the actual circulation. I used to be in the newspaper business myself.

Mr. HASTINGS. Then I will not argue with you. [Laughter.]

Mr. CLARK. Instead of the average country weekly having but 4 pages, it has 8 pages, and frequently 12 pages, since they have got to running the patent insides and supplements and all that.

Mr. HASTINGS. And in that case, Mr. Clark, it would not cost the publisher \$15 more. The additional cost would be on the man who gets out the patent inside.

Mr. GRIGGS. But he has to pay for the paper.

Mr. HASTINGS. Then it would not make any difference to the consumer, the country publisher.

Mr. CLARK. I understood from what you said a while ago that your immense profits are made by adding together all these small things.

Mr. HASTINGS. We have no immense profits.

The CHAIRMAN. I do not think that has any effect whatever. We would like to get at the practical facts of the case.

(Mr. Hastings filed the following statement:)

As president of the American Paper and Pulp Association I have been delegated to present briefly the contentions of manufacturers in paper and pulp as to the retention of the present duties in most instances and in a general way, an argument as to why they should be increased in some specific cases.

We understand the revision of the tariff is to be undertaken on the basis that—

“Such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries.”

We believe the paper industry, as a whole, will be satisfied with such a revision and asks for itself only the same consideration as to protection as is applied to other industries.

Importations of paper and pulp during the last few years should be considered, and if there were some kinds extensively imported that are, or might be made in this country, the corresponding duties should be increased, not only for the sake of the manufacturer, but to build up the manufacturing industries of this country.

We ask only enough protection to enable us to meet such conditions as are imposed on our industry by nature or law, as we can not overcome by capital or energy the natural conditions existing in other countries due to cheap labor and more abundant nature.

We believe that when business is normal and the demand equal to the supply the tariff has little or no direct influence on prices. During times of depression it is a protection to the home manufacturer, but with the present tariff, under any conditions, the rate is not so high but what foreign paper or pulp can be imported into this

country to supply the demand without particular hardship to the consumer.

During the past year many thousand tons of the different grades of paper and pulp were imported into the United States and at a time when the consumption of this country demanded it. Since January, 1908, at a time of general depression in all manufacturing lines, the paper business was no exception in its experience, with an apparent overproduction. Prices were very materially reduced over what they had been the previous year, due entirely to the law of supply and demand.

The duties on paper and pulp are much lower than the general average on all other lines. The duty on ground wood pulp, on an ad valorem basis, amounts to about $8\frac{1}{2}$ per cent, according to the market price in vogue; on chemical pulp, about the same; on newspaper, 15 per cent; on book paper, from 15 to 20 per cent, according to grade; on writing paper, 25 to 35 per cent, according to weight and quality. Some few high-grade papers and specialties take a still higher duty, but the average duty on an ad valorem basis on all imports of paper for the year ending June 30, 1907, was only about $27\frac{1}{2}$ per cent, whereas for all merchandise imported under other schedules it was over 40 per cent.

Manufactures of paper imported in 1898 were something like \$2,840,000, which increased in 1907 to \$10,728,000. During these same periods pulp increased from \$600,000 to \$6,348,000.

The Treasury Department is unable to give the actual amounts collected on the different grades of paper and pulp imported during any period, but there is no question that if the duty was increased upon the higher grades of chemical pulp the imports would decrease and this same quantity be manufactured in the United States; in other words, the domestic article would displace the foreign pulps now imported.

This argument will be taken up by one of the members of our association who is thoroughly familiar with the conditions as relating to the higher grades of pulp and the probable results if the duty should be increased to a point where we could compete with the foreign article. When it is known that there are some \$300,000,000 invested in the paper and pulp industry, with an annual business of over \$200,000,000, showing that it takes a year and a half to turn over the capital, and in some grades nearly three years, it will readily be seen that this business, as compared with many other manufacturing lines, requires more capital for its annual business and therefore needs more profit in the way of returns on the manufactured article.

A portion of the press of the United States to the contrary, no manufacturers of paper in this country have made exorbitant profits, and as a matter of fact they have not received an adequate return on the capital invested as compared with any of the staple industries of this country. While the industry has grown enormously, it is due to the energy of the American manufacturer and to the protection afforded the industry by this Government in the shape of a tariff. Should the tariff be reduced, it would strike a blow that would be most serious to this industry and lead to the abandonment of many mills and the ceasing of operations in the way of building new mills.

At the present time there is building a new mill for the production

of news paper, with a capacity of 200 tons per day, which will be doubled as soon as the demand warrants. This mill is in the Middle West, with an unlimited supply of raw material, but with the tariff reduced it is very doubtful if capital could be interested in such an enterprise.

The attempt of part of the American publishers to have the duty taken off of paper and pulp during the last session of Congress was a very selfish movement on their part, when it is known that in the last twenty years the price of news paper has been reduced through competition and improved methods of manufacture over 30 per cent, and that where, in the same period of time, the quantity produced per year has increased over 75 per cent, it will readily be seen what a protective tariff has done for the consumer.

Under the present wise policy of this Government this industry can and will maintain the same rapid rate of growth and improvement in methods if protection is not withdrawn. There are abundant water powers, ample supplies of suitable wood and other material to increase the production thousands of tons annually, particularly in the South, where there are many undeveloped water powers, large supplies of suitable wood for the manufacture of paper and pulp, in addition to hundreds of thousands of tons of other materials which are now going to waste, such as cotton-plant stalks and seed delint, flax, cornstalks, and many other fibrous plants.

At the present time the Government is making in this city experiments with corn stalks and from the printed reports so far they promise results that will cheapen some grades of paper over the present method of using wood fiber. It is estimated there are 150,000,000 tons available for this purpose, or 40 times as much as the annual amount of paper of all grades turned out, so that it would seem as though we still had raw material at our doors for several years to come.

We beg to call your attention to the very exhaustive statement of Arthur D. Little, official chemist of the American Paper and Pulp Association, read at the annual meeting of the association in February, 1908, a copy of which we beg leave to file with the committee.

You will see that the paper manufacturers are fully alive to the important question of raw material supply and are looking and working with a view of obtaining some material which might displace wood eventually through using some material which can be gotten from an annual crop.

In addition to the work which Mr. Little is doing, the Government is also fully alive to the possibilities of some other material. The insular service, through Col. Clarence R. Edwards, is much interested in the question of bamboo as a raw material, which grows luxuriantly in the Philippines and is an annual crop.

The earliest record we have of paper is from the Egyptians, who used papyrus. Since then many different materials have been used, as the necessity of the increasing population of the world needed paper as they became educated, it being truly said that "the consumption of paper is the measure of the people's culture."

After the Egyptian raw material probably came the use of old rags. As the people became more civilized they wore clothes, and these old clothes were made to do their duty in the shape of new paper. Not many years ago the supply of rags became inadequate

to supply the demand for paper, then came in straw pulp, made from wheat and rye straw; then came the invention of the present raw material in the shape of mechanical wood pulp, which is so much cheaper than the straw pulp that that process was abandoned. Now there is great fear on the part of a few of the newspaper publishers particularly that the supply of wood is inadequate and that paper and pulp should be put on the free list, so that the markets of the world shall be thrown open as far as the American manufacturer is concerned.

The history of the paper business shows that the American people are well able to cope with any conditions which may confront them, and we firmly believe that before the question of raw material shall become acute, other materials will be found to take the place of pulp wood. There are hundreds of thousands of tons of material going to waste to-day which may become a good paper making material as soon as a process is discovered for handling the material cheaply, and this process is sure to come, as all the others have before.

The price of paper has been steadily decreasing for years, and to-day, although the price is higher than it was two or three years ago, the actual figures show that this increase comes from an advance in wages particularly, and material used about a paper mill; not only the raw material, but everything that is used in a mechanical way to run a manufacturing plant.

To-day one of the most successful mills in the United States is equipping a department to use esparto grass, which is to be brought into this country in ship loads from Algiers and made into pulp and paper in this country. This is almost a case of history repeating itself and going back to the Egyptian times, but it only goes to show that the American manufacturer is quite alive to all conditions and possibilities.

With something like four million tons of annual product, the paper industry furnishes to the railroads in the way of freight and raw materials upward of 20,000,000 tons of freight annually. They consume 3,000,000 tons of coal, all from our domestic mines. They sustain a large number of establishments which supply them with machinery and supplies used only in paper mills. They furnish employment directly to over 75,000 men in their plants, and probably 40,000 men in getting out the raw material in the woods and mines, besides indirectly supporting an army of men engaged in supplying them with the material which they use in their manufacturing departments.

For every dollar which the consumer pays for paper it is estimated that nearly 70 cents goes to the wage fund of the country. In many sections of the country they have been the pioneers, building villages, developing power, moving in population to places that have heretofore been waste, necessitating the building of railroads for carrying material and supplies.

From Bulletin 88, issued by the Department of Commerce and Labor, Bureau of the Census, of 1905, we find total water power used in all industries was, roughly, 1,648,000 horsepower, of which the paper and pulp manufacturers used 718,000, or something like 43 per cent of the total amount developed at that period.

The protective tariff that we have been working under has stimulated the building of paper and pulp mills to an enormous extent.

Instead of increasing the price to the consumer, it has stimulated overproduction. The price has steadily gone down in twenty years under a protective tariff from $3\frac{1}{2}$ cents a pound down to less than \$2 per hundredweight.

During the last year the cost to manufacture has increased considerably both as to labor and as to every article which goes into the manufacture of paper or into the maintenance of the plant.

The contention of the consumer that the manufacturers are reaping an undue profit was thoroughly refuted at the hearings before the select committee in Washington during the last session of Congress, when full reports were made by the paper manufacturers of their increased cost of production. It was shown by tabulating the results of the news mills reporting that the increased cost of production in the last six years was about 35 per cent.

We desire to file with this statement of facts information as to the relative wages paid employees in paper mills in foreign countries as compared with men in the American mills, filling the same positions and doing the same work, under not as good manufacturing conditions as are found in the paper mills of this country. All the mills in the United States having practically been built during a period covered by a protective tariff.

The capital invested in the plants of course is much greater from the fact that everything that has gone into these plants was protected, and it would be very unfair to put a tax upon the manufacturer for every one article which he uses, and then throw his product open to the manufacturers of the world to compete with, with their cheap labor and material.

In going over the schedule of the Dingley tariff, there is no one article in the free list which goes into the manufacture of paper or pulp, or among the articles specified in the reciprocity act of 1897 except the raw material; many of the articles are highly protected, for instance:

	Per cent.
Wool felts.....	100
Cotton felts.....	45
Hemp twines.....	100
Alum.....	30
Soda ash.....	25
Wire cloth.....	35

In addition to a heavy duty on machinery, castings, and many other articles used directly and indirectly in the manufacture of paper.

In addition to Canada a menace is the older countries, who are endeavoring to keep their laborers at home by going into the manufacturing business on a scale never before attempted in those countries. Norway and Sweden are not only able to produce more cheaply on account of labor conditions, but they have ample raw material right at their doors. Russia with her pauper labor and endless forests is going into the manufacture of sulphite pulp on a large scale. How long would it be, with the American market thrown open, before she would also make and send the finished paper in here?

To-day the foreign pulps have taken the place of our own to an extent that is keenly felt by our own manufacturers and has thrown many men out of steady employment.

Some of the lower grades of paper—for instance, building or saturating paper—are made from the lowest grade of rags. The domestic collections do not supply the American mills and large portions are imported from the poorer foreign countries. These rags come in without duty, but should the tariff be taken off this particular grade of paper—it being now only 10 per cent ad valorem—these manufacturers would be forced to discontinue the manufacture of this grade of paper, and as their mills are not capable of making any other grade with profit it would mean their extinction, throwing out of employment thousands of men, not only those actually engaged in the paper mills, but an army of the poorer class of people in all the large cities who collect this lower grade of material, and for which this is the only use. In many cities these refuse rags are gathered by the municipality in sorting plants, and in this way it gives employment to a great many poor people who sort them, thereby giving employment to an almost helpless class of citizens to earn a small living.

There should be in force an antidumping law to protect the American manufacturer, the same as other countries have.

To-day much of the pulp, principally sulphite class, is being put in here at probably lower figures than it can be made for at home, so low that the American manufacturers can not compete.

It would be impracticable to admit print paper and wood pulp free of duty, or even wood pulp, without disturbing the whole paper-making industry.

Raw material in the shape of wood comes in free of duty. Pulp made from this is a large component part of paper. The pulp-making industry has a large capital investment and employs thousands of men and is entitled to protection in the same ratio as paper, as it is not raw material.

It must be remembered that the newspapers have to a certain extent the ear of the American people and they have emphasized unduly the quantity of wood being used for paper and pulp, and without investigating the matter or taking steps to enlighten himself on the subject the average reader supposes that we are the ones who are devastating the forests of this country. By referring to the Forest Service and reports of 1906 it is shown that less than 2 per cent of the annual consumption of all kinds of wood is used for pulp, and that a large percentage of that was unsalable for any other purpose than pulp on account of the size and its being limbs and tops of tree, so it is fair to suppose that less than 1 per cent really of the annual consumption is actually used for pulp and paper and much of it would be wasted entirely if it were not used for this purpose.

This same service shows that wood other than spruce is increasing in use very rapidly and that spruce is really being relatively less used than it has been, which confirms our contention that the manufacturer will use what is cheapest and most necessary for the successful operation of his plant.

Reports made by this bureau estimate that we export from this country to foreign countries 5 per cent of the total consumption, while paper-pulp manufacturers use less than 2 per cent. In other words, if we should stop the exportation of lumber, it would more than make up for the amount used in pulp.

There is cut for railroad ties something like 7 per cent of the total cut of lumber. It is estimated that fire wood for domestic service amounts to twenty-five times as much as is used for pulp. So taking these figures, even if they are estimates, they show that the paper man has been criticised for something he is not responsible for. While many of these figures are estimates, the quantities used by the pulp man can be better checked as to quantity than any other use, as it is pretty well known how much wood it takes to make a ton of pulp or paper and how much of these two commodities are used per year.

The value on the importation of wood into this country on a certain valuation in 1907 was, roughly, \$2,800,000. The exports of forest products for the same period was \$33,000,000.

The average freight rate from Canadian mills to the markets of the United States is about the same as it is from the shipping points of the American mills to the same markets, thus showing that with no duty to pay they would be practically on the same basis as to cost of delivery.

In 1907 there appears to have been a concerted movement on the part of many Canadians to prohibit by law the exportation of any wood for pulp purposes from the Dominion of Canada. The interviews, as printed by the Globe, of Toronto, from time to time do not show that all producers of lumber were in favor of this action, and we quote from an interview with the Hon. Senator Edwards, head of the W. C. Edwards & Co. (Limited), manufacturers of lumber, who have immense establishments at Ottawa and Rockland, as follows:

The senator favored a policy of making all the forest lands available for operation, and their intelligent working under proper regulations and supervision, as distinct from the idea of some people that the plan to be adopted was the clearing off of the forests as rapidly as possible, with a view to making room for settlement. There was no reason why, under an intelligent system, the forest crop of Canada, as it might be called, should not be everlasting. His company, he said, was going to build in the Gaspé district of the St. Lawrence a pulp mill and lumbering establishment where these ideas would be carried out to a still more scientific extent than was now the case on their limits. Under the direction of a forester of standing and experience it was intended to show that it would be practicable to keep the establishment going by simply cutting the annual forest growth.

On the other hand, Sir William Van Horne, largely interested in the largest paper-making plant in Canada, at Grand Mere, Quebec, takes the other side of the question, and we quote from his remarks as follows:

Another important American holding in Canada is that of the Burgess Sulphite and Fiber Company and the Berlin Mills Company, of Berlin, N. H. I do not know the extent of the timber limits belonging to these companies, but it is large, and they have acquired the Lachute water power, on the St. Maurice River, for the purpose of a "rossing mill" for barking pulp wood to be shipped to the New Hampshire mills, the barking being done to save the freight charges. The Battle Island Sulphite and Fiber Company, of Oswego, N. Y., also holds limits on the St. Lawrence, the extent of which I do not know. Many paper concerns in the United States, besides those I have mentioned, are buying Canadian pulp wood, ground pulp, and sulphite fiber to eke out their supply. Without the Canadian supply of pulps and pulp wood many of the American mills would have to shut down very soon. If they can not get our pulps or pulp wood they must eventually come to Canada to make paper, and every paper mill established in Canada means a town of from 5,000 to 15,000 people, and a great addition to the wealth of the country.

* * * * *

I should not dare to estimate the value of Canada's spruce timber ten years hence if some policy were adopted by the dominion or the provincial governments which would, directly or indirectly, prevent the export of raw wood. The American owners of Canadian limits estimate the possibilities as highly as I do. They do not hesitate to buy Canadian timber limits, because they know that in the event of the adoption in Canada generally of a policy like that of Mr. Hardy's in Ontario, they would profit immensely from their timber holdings. I hold that this tremendously valuable asset should be preserved in every possible way; that the Provinces having timber should regard it as a permanent crop and apply well-considered regulations to the cutting from crown lands, with a view to promoting the growth of the young timber and to the prevention of forest fires, and that the areas reserved for the growth of timber should be carefully marked out and withdrawn from settlement. This would leave an abundance of land available for settlement for a long time to come in all of the timbered districts, for there are everywhere areas which have been either burnt over or cut so clean as to leave no hope of a new growth.

In the Province of Quebec, and perhaps this is true of other Provinces, a real or pretending settler may take up land for farming purposes in any timber limit, and in such a case the owner of the license is given one year within which to cut such timber as the law permits to be cut from crown lands, after which the settler may cut the rest. There is no reason to believe that in the Province of Quebec, if not elsewhere, lands have been so taken by pretending settlers at the instance of jobbers in logs or pulp wood, the settler abandoning the land as soon as he has cut all that he finds worth cutting.

I do not think there would be any danger of retaliation on the part of the United States in the event of some such policy as I have outlined being carried out. I can see no possible ground for retaliation on the part of the United States in view of the precedents which they have themselves established, and I can think of no form of retaliation that would not be much more damaging to themselves than to us, and they are not given to foolishness of that kind. So far as tariffs go, I do not see that they could make them worse, for the Dingley tariff, which is still in force, was framed for the purpose of excluding everything from Canada which the United States did not need, such as timber, pulp wood, ground and sulphite pulp, etc.

We do not agree fully with Sir William, but the fact of free paper and pulp would mean the building of large plants in Canada, which, in the course of a few years, would put the American manufacturer out of business through overproduction and their inability to manufacture cheaper.

The manufacturers of paper and pulp believe that justice will be done to the industry by your committee. We believe the facts brought out by the so-called "Mann Investigating Committee" will be of very great service to your committee in arriving at a conclusion as to what is due to the industry in the United States as a whole. We desire to furnish your committee with any information in our power that you may wish, and shall hold ourselves in readiness at any time to respond to any inquiry you may make, either by letter or in person.

AMERICAN PAPER AND PULP ASSOCIATION,
By ARTHUR C. HASTINGS, *President*.

MEMBERS OF THE AMERICAN PAPER AND PULP ASSOCIATION.

American Writing Paper Company	Holyoke, Mass.
Ancram Paper Company	New York City.
Bardeen Paper Company	Otsego, Mich.
Bare, D. M., & Co.	Roaring Spring, Pa.
Battle Island Paper Company	Fulton, N. Y.
Bedford Pulp and Paper Company	Richmond, Va.
Beckett Paper Company	Hamilton, Ohio.
Bergstrom Paper Company	Neenah, Wis.
Bryant Paper Company	Kalamazoo, Mich.
Berlin Mills Company	Berlin, N. H.

Brown, I. L., Paper Company	Adams, Mass.
Brownville Board Company	Brownville, N. Y.
Brownville Paper Company	Brownville, N. Y.
Burgess Sulphite Fiber Company	Boston, Mass.
Carew Manufacturing Company	South Hadley Falls, Mass.
Carthage Sulphite Fiber Company	Carthage, N. Y.
Carthage Tissue-Paper Mills	Carthage, N. Y.
Central Paper Company	Muskegon, Mich.
Champion Coated Paper Company	Hamilton, Ohio.
Champion-International Company	Lawrence, Mass.
Cheboygan Paper Company	Cheboygan, Mich.
Chemical Paper Company	Holyoke, Mass.
Cherry River Paper Company	Philadelphia, Pa.
Cleveland-Akron Bag Company	Cleveland, Ohio.
Cleveland Paper Manufacturing Company	Cleveland, Ohio.
Cliff Paper Company	Niagara Falls, N. Y.
Columbian Paper Company	Buena Vista, Va.
Combined Locks Paper Company	Appleton, Wis.
Consolidated Water Power and Paper Company	Grand Rapids, Wis.
Continental Paper Bag Company	New York City.
Crane, Z. & W. M.	Dalton, Mass.
Crane Bros.	Westfield, Mass.
Crane & Co.	Dalton, Mass.
Crivitz Pulp and Paper Company	Crivitz, Wis.
Crocker-Burbank Company	Fitchburg, Mass.
Crocker-McElwain Company	Holyoke, Mass.
De Grasse Paper Company	Carthage, N. Y.
Dells Paper and Pulp Company	Eau Claire, Wis.
Dexter, C. H., & Sons	Windsor Locks, Conn.
Dexter Sulphite Pulp and Paper Company	Dexter, N. Y.
Diamond State Fiber Company	Bridgeport, Pa.
Diana Paper Company	Harrisville, N. Y.
Dill & Collins Company	Philadelphia, Pa.
District of Columbia Paper Manufacturing Company	Washington, D. C.
Eastern Manufacturing Company	Bangor, Me.
Eaton-Dikeman Company	Lee, Mass.
Edwards Manufacturing Company, The John	Port Edwards, Wis.
Emerson Paper Company	Wendell, N. H.
Esleek Manufacturing Company	Turners Falls, Mass.
Everett Pulp and Paper Company	Everett, Wash.
Falls Manufacturing Company	Oconto Falls, Wis.
Finch, Pruyn & Co.	Glens Falls, N. Y.
Flambeau Paper Company	Park Falls, Wis.
Fletcher Paper Company	Alpena, Mich.
Flint, Wyman, & Sons Company	Bellows Falls, Vt.
Fox River Paper Company	Appleton, Wis.
Garrett, C. S., & Son Company	Philadelphia, Pa.
Gilbert, Frank, Paper Company	Waterford, N. Y.
Grandfather Falls Company	Merrill, Wis.
Hamilton & Sons, W. C.	Philadelphia, Pa.
Hammermill Paper Company	Erle, Pa.
Hampshire Paper Company	South Hadley Falls, Mass.
Hartje Paper Manufacturing Company	Steubenville, Ohio.
Hennepin Paper Company	Minneapolis, Minn.
Hinckley Fiber Company	Hinckley, N. Y.
Hollingsworth & Whitney Company	Boston, Mass.
Hubbard, A. H., & Co.	Norwich, Conn.
Ingalls & Co.	Castleton, N. Y.
Interlake Pulp and Paper Company	New York City.
International Paper Company	New York City.
Itasca Paper Company	Grand Rapids, Minn.
Jessup & Moore Paper Company	Philadelphia, Pa.
Kalamazoo Paper Company	Kalamazoo, Mich.
Katahdin Pulp and Paper Company	Lincoln, Me.
Keith Paper Company	Turners Falls, Mass.

Kimberly-Clark Company	Neenah, Wis.
King Paper Company	Kalamazoo, Mich.
Knowlton Brothers	Watertown, N. Y.
Lang, John, Paper Company	Philadelphia, Pa.
Lewis, J. P., Company	Beaver Falls, N. Y.
Linddaues Pulp Company	Kaukauna, Wis.
McEwan Brothers	Whippany, N. J.
Mead Pulp and Paper Company	Dayton, Ohio.
Marinette and Menominee Paper Company	Menominee, Mich.
Megargee Paper Mills	Philadelphia, Pa.
Menasha Paper Company	Menasha, Wis.
Michigan Paper Company, The	Plainwell, Mich.
Michigan Sulphite Fiber Company	Port Huron, Mich.
Mittineague Paper Company	Mittineague, Mass.
Monadnock Paper Mills	Bennington, N. H.
Monarch Paper Company	Kalamazoo, Mich.
Moorehouse, R. T.	Bridgesburg, Philadel- phia, Pa.
Mount Tom Sulphite Pulp Company	Mount Tom, Mass.
Munising Paper Company	Munising, Mich.
Nashua River Paper Company	East Pepperell, Mass.
Nekoosa-Edwards Company	Port Edwards, Wis.
New Haven Pulp and Board Company	New Haven, Conn.
Newton Falls Paper Company	Watertown, N. Y.
New York and Pennsylvania Company	New York City.
Niagara Paper Mills	Lockport, N. Y.
Nixon, M. & W. H., Paper Company	Philadelphia, Pa.
Northern Paper Mills Company	Green Bay, Wis.
Northwest Paper Company	Cloquet, Minn.
Odell Manufacturing Company	Boston, Mass.
Orono Pulp and Paper Company	Bangor, Me.
Oswego Falls Pulp and Paper Company	Fulton, N. Y.
Oxford Paper Company	Portland, Me.
Parson Pulp and Paper Company	Philadelphia, Pa.
Parsons, W. H., & Co.	New York City.
Patten Paper Company	Appleton, Wis.
Peninsular Paper Company	Ypsilanti, Mich.
Penobscot Chemical Fiber Company	Boston, Mass.
Pettebon-Cataract Company	Niagara Falls, N. Y.
Plover Paper Company	Stevens Point, Wis.
Port Edwards Fiber Company	Port Edwards, Wis.
Poland Paper Company	Mechanic Falls, Me.
Progressive Pulp and Paper Company	Plattsburg, N. Y.
Raquette River Paper Company	Potsdam, N. Y.
Raymondville Paper Company	Watertown, N. Y.
Reading Paper Mills	Philadelphia, Pa.
Rhineland Paper Company	Rhineland, Wis.
Richmond Paper Manufacturing Company	Richmond, Va.
Rising, B. D., Paper Company	Housatonic, Mass.
Riverside Fiber and Paper Company	Appleton, Wis.
Robertson Brothers	Hinsdale, N. H.
Rogers, J. & J., Company	Ausable Forks, N. Y.
Rogers Paper Manufacturing Company (Incorporated), The	South Manchester, Conn.
St. Croix Paper Company	Woodland, Me.
St. Regis Paper Company	Watertown, N. Y.
Shawmut Manufacturing Company	New York City.
Smith Paper Company	Lee, Mass.
Strange Paper Company, The John	Menasha, Wis.
Taggart Brothers Company	Watertown, N. Y.
Taylor-Burt Company, The	Holyoke, Mass.
Thilmany Pulp and Paper Company	Kaukauna, Wis.
Ticonderoga Pulp Paper Company	New York City.
Tileston & Hollingsworth Company	Boston, Mass.
Traders' Paper Board Company	Bogota, N. Y.
Union Bag and Paper Company	New York City.
United Box Board and Paper Company	New York City.

Victoria Paper Mills Company	Fulton, N. Y.
Wanaque River Paper Company	Wanaque, N. J.
Warren Manufacturing Company	New York City.
Watab Pulp and Paper Company	Sartell, Minn.
Wausau Paper Mills Company	Brokaw, Wis.
Weeks, F. G.	Skaneateles, N. Y.
West End Paper Company	Carthage, N. Y.
Weston, Bryon Company	Dalton, Mass.
West Virginia Pulp and Paper Company	New York City.
Wheelwright, Geo. W., Paper Company	Boston, Mass.
Weeks, Charles G.	Skaneateles, N. Y.
Willamette Pulp and Paper Company	Oregon City, Oreg.
Wisconsin River Pulp and Paper Company	Stevens Point, Wis.
Wisconsin Tissue Paper Company	Appleton, Wis.
Woronoco Paper Company	Woronoco, Mass.
Worthy Paper Company	Mittineague, Mass.
York Haven Paper Company, The	New York City.

Rates of wages in foreign and United States mills making high-grade sulphite pulp.

[The wages per week have all been figured on the same number of hours per week. In some instances the wages for Europe have increased somewhat, these men inform us.]

Name.	Present position.	Wages per week.	European position.	Wages per week.	Per cent of American wages.
Albert Engler	Machinist	\$16.50	Machinist	\$7.50	0.45
Chas. Helwig	Machine tender	14.40	Machine tender	7.50	.52
Frank Kabolnick	Cook	16.80	Cook	5.04	.30
Otto Richert	Reel tender	11.40	Beater man	2.52	.22
Jake Glombowski	Bin trimmer	9.60	do	2.52	.26
Joe Glombowski	Cook's helper	10.60	Rag cutter	2.80	.25
Martin Zellan	Barker	9.60	Straw cooker	3.60	.38
M. Minkowski	Screen helper	11.40	Watchman	8.00	.28
John Feidler	Cook's helper	10.80	Bleach man	2.70	.25
Albert Seig	Laborer	9.00	Laborer	3.78	.42
Michial Kern	Digester man	12.00	Fireman	5.04	.42
John Ordowski	Laborer	9.00	Laborer	3.75	.42

Scotch mill as compared with Mechanicsville mills.

[Average pay per two weeks (twelve days).]

	Scotch mill.	Mechanicsville mill.		Scotch mill.	Mechanicsville mill.
Beater men	\$20.00	\$46.08	Good journeymen	\$15.00	\$36.00
First assistant	12.50	22.20	Apprentices	8.00	34.80
Second assistant	8.75	22.20	Head firemen	17.50	42.00
Machine men	24.00	56.16	First assistant	11.25	28.80
First assistant	12.75	30.24	Head finisher	20.00	49.20
Second assistant	8.50	27.36	Finishing girls	8.00	16.00
Grass boiler man	17.50	28.80	Tyers up	10.00	.....
Assistant	10.00	21.00	Outside labor	9.00	18.00
Cutter men	18.75	40.20	Supercalender man	17.50	29.04
Assistant	7.50	19.20	Helper	8.00	21.00
Cutter boys	4.00	15.00	Steam engineers	20.00	53.00
Head machinist	30.00	48.00			

REPORT OF ARTHUR D. LITTLE, OFFICIAL CHEMIST OF THE AMERICAN PULP AND PAPER ASSOCIATION.

Mr. President and Members of the American Paper and Pulp Association:

The year just ended has been an uneventful one in the chemical technology of pulp and paper making and has been unmarked by the appearance of any new chemical process or method of the first importance. The following matters, however, deserve brief mention:

The year has shown an increasing tendency in the sulphite process toward the use of stronger liquors, particularly in Sweden, where liquors carrying 7

per cent or more of total sulphurous acid are being employed to advantage in respect of improved quality of product and a better recovery of gas.

Concurrently with the foregoing there has developed a tendency toward shorter cooks and there is no longer any doubt that pulp of first-rate quality can be produced in a cook of seven hours' total duration or even less. This means, of course, considerably increased output from the same plant.

The year has also witnessed the rapid introduction of new types of sulphur burners of large capacity. These are either of the rotary or agitating types, and by their better control of the air supply permit the workmen to maintain a much higher content of sulphurous acid in the burner gas. Gases containing 16 per cent of sulphurous acid are now not uncommon.

With the more general recognition of the necessity for better control of furnace gas and the advantages derived from a higher content of sulphurous acid, there have come from Europe proposals to utilize the sulphurous acid in the absorption system under a considerable pressure. Harpf points out that under 60 pounds pressure it is easy to dissolve 8.14 per cent of sulphurous acid in water even when no lime is present as against 1.63 per cent for water under the ordinary atmospheric pressure.

An important new departure in the sulphite process is the employment of superheated steam in cooking. This is coming into extensive use in Germany and Sweden and offers a number of important advantages. It saves steam, prevents the undue dilution of cooking liquors, enables the cook to be made in shorter time, and permits the use of weaker liquors than usual in the summer time when it is ordinarily difficult to keep the liquors up to strength. There has been nothing whatsoever to show that either the strength of the fiber or its bleaching quality are influenced at all adversely.

The year has seen some measure of success in the difficult problem of utilizing the waste sulphite liquor. Some inconclusive experiments have been made looking to the employment of the waste liquor for keeping down dust on roads. Considerable progress is to be recorded in the utilization of the concentrated liquor as a binding material, as, for example, for molder's sand, and there is also good promise of the successful utilization of the waste liquors as a supplementary tanning agent.

Perhaps the most significant development of the year has been the introduction to this country through importation of considerable quantities of kraft paper. The manufacture of this paper has been very recently worked out in Sweden through the use of pulp prepared from coniferous woods by a modification of the sulphate process. The wood is somewhat undercooked in a liquor which contains from one-fourth to one-third black liquor from a previous cook. The resultant pulp has a dark but pleasing and characteristic brown color and is used for making paper immediately after washing and without admixture of other stock. As its name implies, the striking quality of kraft paper is its great strength, which renders it available for many special uses of importance. The strength ratio of kraft paper as shown by our tests is about 1.15 as contrasted with about 0.85 for a good quality all-sulphite paper.

The special significance and technical importance of kraft paper is found in the direct evidence it furnishes that the possibilities of all-wood papers have not yet begun to be appreciated. Another cellulose industry, that of fine cotton textiles, has within the last few years been revolutionized as the result of the recognition and utilization of the properties of the cotton fiber substance during treatment with strong caustic soda. I refer, of course, to the process of mercerization as now generally applied to the production of cotton yarns, exhibiting a splendid silky luster. The general trend of development in paper making indicates that it is well within the range of probabilities that an analogous revolution may be impending in the treatment and utilization of chemical wood fiber. The production of kraft papers has shown that a profound variation in the properties of the fiber and a variation along new lines may be established by a minor change in the conditions of the cooking process. Other variations quite as profound are now known to be set up by the hydration of the fiber substance brought about by beating under stone rolls, as exemplified in the production of the transparent pergamin and glassine papers. This hydration effect, for instance, is unquestionably susceptible of a much wider range of application than it has yet received even in Germany, while in this country it is scarcely utilized at all. The same effect, although brought about by different methods, appears in the curiously parchment-like papers recently produced from the pith cells of both the corn-stalk and the waste sugar-cane chips known as "bagasse." In these cases the walls of the pith cells are of such delicacy that the cellulose is

hydrated during the purification process of boiling with caustic alkali, and the cell walls are therefore superficially fused together during the process of making and drying the paper. This explains the curious result that a paper of remarkable strength and toughness may be prepared from cells so short and wide that they can not properly be regarded as fibers at all. To this hydration effect upon the pith cells must mainly also be ascribed the remarkable qualities of the bagasse boards now being manufactured in Louisiana by the Lee process, in which the bagasse chips are undercooked in a liquor prepared from saccharate of lime made by mixing lime and molasses with water.

As bearing directly upon the development in this country of new types of paper I may be permitted to point out the desirability of a better recognition here of the merits of stone roll beating engines and the edge runner or koller-gang for working up undercooked pulps for the production of papers of exceptional strength.

The constantly rising price of wood and the growing scarcity of hard fiber wastes available for paper making have led during the year to a continued and persistent search for new fiber and new sources of supply. Excellent papers standing midway in properties between rag and wood papers have been prepared from corn stalk by cutting out the nodes and slicing off the outer shell to separate the region carrying the fiber from the pith. The shell is reduced to fiber by boiling with caustic soda. The pith, if cooked by itself, yields the parchment-like paper previously referred to, while the entire stalk, except the nodes, yields a rather hard paper of intermediate quality. Papers of generally similar character have been made from bagasse.

The immense quantity of cotton stalks annually available in the South where, on the average, 22,750,000 tons are each year burned or plowed under or otherwise wasted, has caused this material to be looked upon as a possible source of stock for the lower grades of paper. Several processes for reducing the stalks have been proposed and attempts to treat the stalks by the sulphite process are now under way in the government laboratory at South Boston. The subject has an especial economic interest in view of the extensive ravages of the cotton boll weevil, the damage from which last year is estimated at \$25,000,000. Any method of utilization which would put a value on the stalks sufficient to cause the farmers to cut and remove them from the fields would go very far toward checking the depredations of this insect, and thus save a large proportion of the great sum now lost.

Projects for utilizing peat as paper stock come up perennially, and during the past year an unsuccessful attempt has been made at Celbridge, Ireland, to manufacture paper from this material. I believe it may fairly be said that on account of the shortness and lack of strength and chemical condition of the fibers which have survived decay in peat, it is hopeless to expect to make a useful paper from peat without a very large admixture of other stock. Upon the other hand, it does seem to be well adapted to the manufacture of boards of excellent quality, and this manufacture has recently been established in Michigan.

Actuated by a desire to open up new agricultural possibilities for its colonies, and at the same time to supply British paper makers with cheaper raw material, the British Government commissioned the English paper expert, Mr. R. W. Sindall, to make a study of the subject in India and other colonies. In his recent report Mr. Sindall urges the utilization of bamboo and rice straw. It will be remembered that many years ago Mr. Thomas Routledge, to whom the introduction of esparto was due, brought out a monograph on bamboo as a paper stock, and printed the pamphlet on an excellent quality of paper made wholly from bamboo. It should be pointed out, however, that the length and character of fiber in both bamboo and rice straw are such as to preclude the use of these materials as substitutes for the wood of the cone-bearing tree for pulp making.

An important step in the interests of American paper makers has been taken during the year by the United States Government in establishing under the auspices of the United States Forest Service a model sulphite pulp mill and testing laboratory at South Boston, Mass. This laboratory will be quite fully described by Dr. Arthur L. Dean, of the Forest Service, in the convention number of the Paper Trade Journal, and I need therefore only say that there is every prospect that the work of the laboratory will extend the range of usefulness of the wood fibers by demonstrating that many woods besides those now

utilized are immediately available for paper making and will yield pulps varying so much among themselves in character as to permit their advantageous use in many different sorts of paper.

In 1884, when the sulphite process was first put in commercial operation in the country, in the mill of the Richmond Paper Company, large quantities of poplar were reduced to pulp by the sulphite process. Sulphite poplar has properties which make it an especially desirable stock and the market would undoubtedly take a considerable quantity of this pulp if sulphite pulp makers did not so universally confine their output to the fiber of coniferous trees. It is beginning to be recognized that the southern gum woods and the tupelo are admirably adapted for the production of sulphite fibers of the general character of sulphite poplar, while the woods themselves are so cheap and available in such great quantity that it is practically certain that sulphite pulp made from them will, before long, be a factor in the industry.

In Germany a new brown pulp has appeared, which stands between steamed ground wood and sulphite in its paper making qualities. It is made at the plant of Prince Donnersmarck, at Krappitz, by grinding bolts of wood which have been cooked with waste soda liquor.

There has been, during the year, a greatly increased use of special rosin sizes manufactured outside the mill, and these sizes are made by methods which insure a much higher content of free rosin than the usual mill size. This increase in free rosin is unquestionably an advantage, particularly in most cases where snap and rattle are desired in a paper, and it permits a substantial reduction in the amount of alum used. The steady rise in the price of rosin itself has led to the devising of new methods of extraction from stumps and wood previously wasted, and there is good reason to believe that considerable quantities of rosin will be available from these hitherto neglected sources.

The year has seen some notable addition to the literature of cellulose, and among the publications in English should be mentioned "Chapters on Paper Making" by Clayton Beadle, "Paper Technology," by R. W. Sindall, and "Researches in Cellulose 1900-1905," by Cross and Bevan. The two former books will be found helpful by any paper maker. The one last mentioned, while lacking the same general interest, is of the first importance to cellulose chemists, and is particularly noteworthy for the radical changes in the theory of cellulose and the method of attack of cellulose problems now laid down by these distinguished chemists who have done so much to establish the chemistry of cellulose as it is known to-day. They now take a distinctly agnostic position which involves the recognition of current views of the constitution of cellulose as inadequate, and they lay particular stress at this time upon the colloidal character of cellulose as influencing its chemical properties.

It is appropriate at this point to mention the newly organized Verein der Zellstoff und Papier Chemiker, of which your chemist has the honor to be a member. Although the society has its headquarters at Berlin, it is cosmopolitan in its membership, and should prove an efficient agent in the development of the chemical technology of pulp and paper making. Another influence in the same direction should come from the new journal Chemical Abstracts, published by the American Chemical Society, and which will contain, grouped under their appropriate subjects, abstracts of all chemical articles containing new matter wherever published. The subject of cellulose and paper making has been assigned to the reporter.

Considerable work has been carried on during the year in paper testing and the study of special problems in paper making by the United States Bureau of Standards and the recently established Paper and Leather Laboratory of the United States Department of Agriculture. The work will undoubtedly lead to greater definiteness and rigidity in the government specifications for supplies of paper. No report on the results obtained has yet been issued by either bureau.

It becomes increasingly evident that German paper-testing methods, although essential for purposes of research, are not well adapted to the requirements of commercial practice in this country. Testing methods and machines to be generally useful here must yield their results quickly and with a minimum of effort, and for most purposes a reasonably approximate figure which can be secured almost at once is more useful than extreme accuracy obtained at the expense of a disproportionate expenditure of time and labor. In place of the

German "breaking length" as a measure of the strength of papers, I have therefore been led to propose and would urge you to adopt what I have called the "strength ratio" of paper—that is, the quotient obtained by dividing the figure for strength in pounds per square inch as registered by the Mullen tester by the thickness in ten-thousandths of an inch, as given by a micrometer. For example, a paper testing 36 pounds on the Mullen machine and which had a thickness of thirty-six ten-thousandths of an inch would have strength ratio of 1,000. A paper of the same thickness testing 18 pounds, would have a strength ratio of 0.500, and so on. The advantage of this way of stating results is that these ratios are fairly constant for papers of the same quality, and are easily remembered, whereas it is almost impossible to keep in mind the present figures for the strength tests of the many different thicknesses of even one quality of paper. As indicating the general order of these ratios, the following tabulation of our results to date may be of interest:

	Strength. Ratio.
News and cheap books, run from-----	0.20 to 0.40
Better grades of book-----	0.40 to 0.75
Flats-----	0.70 to 0.90
Cheaper bond papers-----	0.65 to 1.00
Better grades of bond-----	1.00 to 2.00
Ledger papers-----	1.00 to 2.00
Good grades of manilla-----	1.00 to 1.25

Different weights of papers of the same grade approximate closely to the same strength ratio. For example, in case of a bond paper made in a number of different weights the ratios for 13, 14, 16, 20, and 24 pound folios, were, respectively, 1.05, 1.00, 1.07, 0.98, and 1.03.

In concluding this report I desire to say that I will be glad to receive the authorization of the association to conduct during the ensuing year on its behalf a comparative study of the various methods of sampling wood pulp employed in the different mills in this country and abroad. To this end I have collected during the past year a considerable amount of data on these different methods and this has served to bring out in a striking way the utter lack of uniformity in this important work. Some of the methods in vogue are unquestionably subject to grave error and the establishment of a uniform official method would remove much friction between buyer and seller. At present we have the strip method, the quarter sheet method, the whole sheet method, the whole bale method, the wedge method, the punch method, and the disk method, not to mention the numerous variations of each general method. In some cases it is the practice to sample 1 bale in 10, in others 1 in 20, 1 in 25, and even 1 in 50, as now rather generally obtains in Europe. To secure the data necessary to a proper presentation of the whole matter and afford a basis for recommendations looking to the adoption of an official method, it would seem desirable that your chemist be authorized to send out blanks in his official capacity to importers, makers, and buyers of the various grades of pulp, requesting complete and detailed statements as to the methods employed by them or their agents in sampling the pulp they ship or receive. The more promising of these methods should then be made the subject of comparative tests to determine their relative accuracy. A number of such tests have already been carried out during the past year in my laboratory, but in order to avoid premature conclusions I refrain from reporting on them at this time.

COPY OF A RESOLUTION PASSED AT THE MEETING OF FEBRUARY 7, 1907.

In accordance with the suggestions made in the last paragraph of Mr. Little's report, the following resolution was passed at this meeting:

"Resolved, That the official chemist of the association be, and he hereby is, instructed and empowered to make during the ensuing year a comparative study of the various methods of sampling and testing wood pulp and fiber and to request of buyers and sellers of pulp and fiber such information as they may be willing to furnish as to their methods, with a view to recommending at the next meeting of the association a method for adoption as the official method for such sampling and testing."

Freight rates.

To—	From—				
	Niagara Falls.	Chisholm, Me.	Hudson River.	Water-town.	Grand Mere, Quebec, Canada.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
New York	18	17	13	13	18
Boston	15	10½	15	15½	None.
Philadelphia	13	16	15	17	22
Baltimore	13	18	17	17	22
Pittsburg	10	19	15	15	17
Cleveland	8½	17	17	15	17
Cincinnati	13	15½	16	16	15½
Chicago	15	18	18	18	18
Detroit	10	17½	15	15	16
Memphis	32	34	32	32	32
Houston					91
New Orleans	31	37½	36	35	None.
Atlanta	40	45½	40	40	43½
St. Louis	18½	21	21	21	21½
Omaha	33½	36	36	36	None.
Buffalo					15

STATEMENT OF MR. CHESTER W. LYMAN, OF NEW YORK, REPRESENTING THE INTERNATIONAL PAPER COMPANY.

Mr. LYMAN. Mr. Chairman and gentlemen of the committee, I have prepared a paper which I will read and a copy of which I will place in your hands.

Mr. GRIGGS. His speech is so prepared that we can read it.

Mr. LYMAN. I have come here voluntarily, and I would very much prefer to present our case as we have prepared it, and if you wish afterwards to ask any questions I would be happy to answer them if I can. But I have put some thought on this matter and formulated our ideas into as brief a form as possible, and it is only a matter of fifteen or twenty minutes reading it to you, and I think it touches pretty much every side of the question, and when I get through you will have a good idea of what the International Paper Company is. With your permission I will read.

(Mr. Lyman read the following document:)

STATEMENT OF THE INTERNATIONAL PAPER COMPANY BEFORE THE WAYS AND MEANS COMMITTEE OF THE HOUSE OF REPRESENTATIVES REGARDING SCHEDULE M, PARAGRAPHS 393 AND 396 OF THE DUTIABLE LIST AND PARAGRAPH 699 OF THE FREE LIST OF THE TARIFF.

WASHINGTON, *November 21, 1908.*

The International Paper Company was incorporated under the laws of New York State on January 31, 1898. It took over by purchase a number of paper, sulphite, and ground-wood mills, also timber lands in the United States and Canada and developed and undeveloped water powers in the United States. In its organization no stock was put on the market and no commissions were paid to anyone in connection with the organization. The vendors received stock and bonds of the new company.

The company in 1907 was operating the following-named plants in the United States at the locations indicated, the year 1907 being

specified because during 1908 operations were interrupted by the general business depression and a strike:

Glens Falls Mill.....	Glens Falls, N. Y.
Fort Edward Mill.....	Fort Edward, N. Y.
Hudson River Mill.....	Palmer, N. Y.
Otis Mill.....	Chisholm, Me.
Glen Mill.....	Berlin, N. H.
Niagara Falls Mill.....	Niagara Falls, N. Y.
Rumford Falls Mill.....	Rumford Falls, Me.
Falmouth Mill.....	Jay, Me.
Webster Mill.....	Orono, Me.
Winnipiseogee Mill.....	Franklin, N. H.
Livermore Mill.....	Livermore Falls, Me.
Montague Mill.....	Turners Falls, Mass.
Lake George Mill.....	Ticonderoga, N. Y.
Fall Mountain Mill.....	Bellows Falls, Vt.
Ontario Mill.....	Watertown, N. Y.
Piercefield Mill.....	Piercefield, N. Y.
Solon Mill.....	Solon, Me.
Umbagog Mill.....	Livermore Falls, Me.
Cadyville Mill.....	Cadyville, N. Y.
Riley Mill.....	Riley, Me.
Wilder Mill.....	Wilder, Vt.
Gardiner Mill.....	South Gardner, Me.
West Enfield Mill.....	West Enfield, Me.
Milton Mill.....	Milton, Vt.
Watertown Mill.....	Watertown, N. Y.
Woods Falls Mill.....	Watertown, N. Y.
Underwood Mill.....	Faust, N. Y.
Harrisville Mill.....	Harrisville, N. Y.
Ammonoosuc Mill.....	West Milan, N. H.
Bemis Mill.....	Bemis, Me.

Eighteen paper mills, 8 separate pulp mills, and 4 wood-preparing mills.

In each of these places the company's mill is an important factor in the maintenance of the community and in many of them it is the only productive agency, besides indirectly furnishing a market for the outlying farm districts. The company employs normally about 7,000 persons at its mills, besides its operations in the woods in the United States, which are estimated to employ 8,500 persons. There are thus directly and wholly dependent upon the wages paid by the company, estimating five persons to a wage-earner, 77,500 people, besides to a less extent farmers, storekeepers, manufacturers of supplies, and transportation companies.

Except for its wood operations in Canada, almost every dollar it receives is expended in the United States. The following are some of the principal items of home production consumed annually by this company:

Coal	tons.....	400,000
Sulphur	do.....	18,500
Lime and limestone.....	do.....	18,000
Chemicals	do.....	27,000
Construction and repair materials.....		\$1,500,000
Paper and pulp machine supplies.....		\$900,000
Domestic pulp wood.....		\$5,570,000

It is estimated that it furnishes annually 2,500,000 tons of freight to the common carriers of the country.

The capital employed is represented by \$22,406,700 preferred stock, \$17,442,800 common stock, and \$17,560,000 bonds. The stock is held

by about 4,200 individuals, about one-third of whom are women. The average holding of preferred stock is 70 shares per capita and of common stock 170 shares per capita, or at the market price of the stocks about \$400 and \$170, respectively.

Including operatives, stockholders, bondholders and those immediately dependent upon them, there are probably not less than 100,000 persons financially interested in the prosperity of the company, besides the communities and other industries which it helps support. On the other hand, its customers number only about 500. Most of these are conducting a very profitable business and only a very few are on record as asking for a reduction in the tariff.

In the first year of the company's existence the common stock paid three dividends of 1 per cent each. It has paid none since. The preferred stock paid 6 per cent annually until April, 1908, the April dividend and the following one in July being on the basis of 4 per cent per annum. In October, 1908, the dividend was put on the basis of only 2 per cent per annum.

In ten years its gross business has amounted to over \$200,000,000, while it has paid out in dividends only \$13,951,222.50, and has increased its bonded indebtedness by \$6,000,000. The earnings of the company in excess of dividends in ten years have amounted to \$7,381,083.14, an average of about \$700,000 per annum, which is only 1.8 per cent upon the capital stock of the company. These surplus earnings, together with the proceeds of the sale of \$6,000,000 bonds, have been used mostly in the improvement of its plants in order to keep the cost of production at the lowest possible point.

It was stated in an affidavit submitted by the company to the so-called "Select Committee of the House of Representatives" last spring (and corroborative testimony was introduced) that the assets of the company, less current liabilities, are conservatively worth \$70,421,688, or an excess over both preferred and common stocks and bonds outstanding of \$13,012,188.

The company owns or controls about 900,000 acres of timber lands in the United States and 3,100,000 acres in Canada. It is operating upon these lands in the United States in the most conservative manner possible, in all cases leaving the small growth for the future and avoiding all the waste possible, felling trees with the saw instead of the ax, as formerly, and using the tops of the trees to the fullest extent possible. At some points in New England it has bought abandoned farms having a young growth of spruce on them, and is holding them for its future needs. It is also making some experiments in replanting. It is holding its lands in the United States, in so far as practicable and economical, for future use. It may be added that its operations in Canada are also as conservative as conditions will allow.

It is using approximately 10 per cent of all the water power developed in the United States, according to the government census of 1905, while millions of horsepower are constantly going to waste in the rivers of this country because our industries have not developed sufficiently to utilize more than a small part of this natural resource, which is an almost unused asset.

In 1899, its first full year, the company made 380,000 tons of paper. In 1907 it made 495,000 tons, an increase of 30 per cent. It makes all the pulp required for this quantity of paper, and is thus not

dependent upon any other company or any other country for any of its requirements of pulp. It does, however, get from Canada about 35 per cent of the pulp wood required, mostly from its own lands, this coming in free of duty. For the handling and transportation of this wood a large amount of money has been permanently invested, so that it may be laid down at the mills at the lowest possible cost.

In 1907, 83 per cent of its output was news paper, the balance being wrapping and miscellaneous grades. The company produces a negligible proportion of the wrapping and miscellaneous grades produced in the country. The estimated production of news paper in the United States in 1907 was 1,200,000 tons. This company's proportion, therefore, was but 34 per cent. In 1900 the percentage of the news paper output of the United States produced by the company is estimated to have been 65 per cent. It is thus seen that although the company has increased its output of news paper about 12 per cent, its proportion of the total output of the country has fallen from about two-thirds to one-third, due to the policy of devoting its energies to the production of paper at the lowest possible cost rather than to reaching out for a control of the productive capacity of the country or its markets. Considering the total value of all kinds of paper and pulp produced in the United States in 1905, the company produced but 10 per cent, and operated but 19 out of about 760 paper mills in the country.

Before the select committee of the House of Representatives it was shown that although the rate of wages paid had increased on an average 66 per cent since the company started and the cost of wood had increased 100 per cent, and many other items beyond its control had likewise increased in cost substantially, yet the total cost of production in 1907 had increased only 14 per cent over 1900, thus demonstrating the improvement in the efficiency of the management and plants of the company.

A compilation just made by the Department of Commerce and Labor from the typical pay-roll sheets of this company indicates that the average hourly rate of wages in the mills making news paper in 1907 was 94 per cent higher than in 1900 and the hours of service per day were 22.7 per cent lower per wage-earner.

The following table shows the wages paid in February, 1908, in a similar Canadian mill which makes news paper, compared with the wages paid by this company, showing an excess in our mills over the Canadian mill of about 50 per cent:

	International Paper Company.	Canada.
Machine tender.....	\$0.50	\$0.3542
Second hand.....	.33	.25
Third hand.....	.25	.1666
Fourth hand.....	.2234	.1458
Fifth hand and common laborer.....	.2234	.125
Average.....	.3035	.2083

Based upon the above rates the cost of labor per ton of paper in each country is as follows:

International Paper Company.....	\$8.00
Canada.....	5.46

The Canadian mill thus has an advantage of about \$2.50 per ton of paper.

All the mills of this company run on the three-shift, or eight-hour day basis, whereas all Canadian mills, as we understand, are run on the two-shift-per-twenty-four-hours basis, except in the paper machine department of three mills.

Canadian mills likewise have an advantage in the cost of the raw material. The stumpage of pulp wood in Canada, in the Province of Quebec, ranges from \$1.10 per cord to \$1.75 and in New Brunswick from \$1.25 to \$2, whereas in Maine and New York stumpage ranges from \$2.50 to \$3.60. This is an average for Canadian wood of \$1.50 and for domestic wood of \$3 per cord, an advantage of \$1.50 per cord in favor of Canadian stumpage.

The labor in the woods is also about 33 per cent cheaper in Canada than in the United States, as was shown before the Mann investigating committee, pages 1041 to 1045.

To the extent to which we use Canadian wood, we, of course, share these advantages of stumpage and labor, but we are at a disadvantage again when it comes to transportation.

The cost of pulp wood delivered at Canadian mills does not exceed \$6, which was the average quotation in 1907 for rough wood ready for shipment to the United States. The average cost of transportation of Canadian wood to the mills of this company in 1907 was about \$3.25 per cord. As it takes approximately $1\frac{1}{2}$ cords of wood to make a ton of paper, this is an advantage of nearly \$5 which the Canadian mill has in the item of pulp wood per ton of paper. In addition, such wood as we buy from Quebec has to pay an extra stumpage to the government of 25 cents per cord, equal to $37\frac{1}{2}$ cents per ton of paper. This comparison is borne out by the prevailing price of domestic pulp wood, which in 1907 was about \$9 per cord in Maine and New York, as against \$6 paid by Canadian mills.

In labor and wood, which are over 50 per cent of the cost of a ton of paper, the average Canadian mill has an advantage over us of \$7.50, so that they are able to pay the duty of \$6 and still make a profit.

The following table shows the wages in several European countries compared with those paid by this company:

Rates of wages per day of twelve hours, International Paper Company, compared with foreign rates.

Department.	Occupation.	Austria.	Germany.	Sweden.	Norway.	England.	Per cent Increase of International Paper Co.	Grand Mere.	Per cent Increase of International Paper Co.
Foremen.....	Ground wood.....	\$1.60	\$1.50	\$1.05	\$1.60	.....	.....	\$2.64	264
	Sulphite.....	1.40	1.30	1.00	1.70	.....	.....	.....	.....
	Paper.....	6.92	7.00	540	307	.....	.....	.....	.....
	Repairs.....	9.00	1.75	332	1.70	.....	.....	.....	.....
	Steam.....	7.73	1.49	419	2.00	.....	.....	.....	.....
	Head preparer.....	6.69	1.25	668	1.50	.....	.....	.....	.....
Wood room.....	Head preparer.....	9.00	1.25	515	1.50	.....	.....	.....	.....
	Sawyer.....	3.00	1.00	300	1.20	.....	.....	.....	.....
	Barker.....	3.00	1.00	300	1.20	.....	.....	.....	.....
	Splitter.....	2.68	.87	245	.95	.....	.....	.....	.....
	Chipper.....	2.68	.87	208	.95	.....	.....	.....	.....
Grinders.....	Head grinder man.....	3.00	1.25	140	1.30	.....	.....	.....	.....
	Grinder man.....	2.85	.87	228	1.00	.....	.....	.....	.....
Ground-wood screens.....	Head screen man.....	3.00	1.25	140	1.20	.....	.....	.....	.....
	Screen man.....	2.68	.87	208	.90	.....	.....	.....	.....
Ground-wood presses.....	Head pressman.....	3.00	1.00	200	1.20	.....	.....	.....	.....
	Pressman.....	2.68	.75	257	1.00	.....	.....	.....	.....
Acid plant.....	Sulphur burner.....	3.72	1.10	238	1.30	.....	.....	.....	.....
	Acid maker.....	3.72	.90	313	1.25	.....	.....	.....	.....
	Lime slacker.....	3.72	1.00	272	1.00	.....	.....	.....	.....
Digesters.....	Head cook.....	4.50	1.50	272	1.50	.....	.....	.....	.....
	Cook.....	3.66	1.00	266	1.00	.....	.....	.....	.....
	Cook helper.....	3.00	.75	300	.80	.....	.....	.....	.....
Beaters.....	Head beater man.....	4.88	1.70	290	1.70	.....	.....	.....	.....
	Beater man.....	3.26	.80	308	.90	.....	.....	.....	.....
Paper machines.....	Machine tender.....	6.00	1.80	262	1.60	.....	.....	.....	.....
	Second hand.....	3.96	1.00	233	1.20	.....	.....	.....	.....
	Third hand.....	3.00	.80	230	1.00	.....	.....	.....	.....
	Fourth hand.....	2.68	.80	150	.80	.....	.....	.....	.....
	Fifth hand.....	2.68	.80	235	.80	.....	.....	.....	.....
Finishing.....	Head finisher.....	2.68	.80	347	.50	.....	.....	.....	.....
	Roll finisher.....	2.69	1.20	233	1.20	.....	.....	.....	.....
	Sheet finisher.....	2.67	.80	188	.80	.....	.....	.....	.....
	Counter.....	2.20	.70	197	.90	.....	.....	.....	.....
	Cutter man.....	3.00	.60	214	.80	.....	.....	.....	.....
	Cutter girl.....	1.91	.20	329	.80	.....	.....	.....	.....
Indoor miscellaneous.....	Head loader.....	3.67	1.00	267	.80	.....	.....	.....	.....
	Paper loader.....	2.40	.75	220	1.00	.....	.....	.....	.....

Rates of wages per day of twelve hours, International Paper Company, compared with foreign rates—Continued.

Department.	Occupation.	International Pa- per Co.	Austria.	Per cent Increase of International Paper Co.	Germany.	Per cent Increase of International Paper Co.	Sweden.	Per cent Increase of International Paper Co.	Norway.	Per cent Increase of International Paper Co.	England.	Per cent Increase of International Paper Co.	Grand Mere.	Per cent Increase of International Paper Co.
Steam plant.	Head engineer	\$7.69	\$1.10	599	\$1.25	515	\$1.40	449	\$1.40	449	\$1.75	339		
	Engineer	4.50	.90	400	1.00	350	1.00	350	1.00	350	1.25	290		
	Head fireman	8.60	.90	300	1.00	260	1.10	227	1.10	227	1.50	140		
	Coal fire an	3.00	.60	400	.75	300	.75	300	.80	275	1.00	200		
Repairs	Coal handler	2.68	.50	436	.75	257	.65	312	.70	283	.87	208		
	Ash handler	2.68	.50	436	.70	283	.65	312	.70	283	.87	208		
	Head millwright	4.66	1.10	324	1.25	273	1.20	288	1.20	248	2.00	183		
	Millwright	3.60	.90	300	1.00	260	1.00	260	1.00	260	1.10	227		
	Millwright helper	2.40			.75	220	.75	220	.80	200	1.10	173		
	carpenter	4.00	.90	344	1.00	300	.90	344	.90	344	1.25	226		
	Mason	6.00	.90	567	1.00	600	.90	567	.90	567	1.25	380		
	Painter	3.00	.90	253	.87	245	.90	283	.80	275	1.10	173		
	Electrician	4.08	1.00	308	1.25	226	1.10	271	1.00	308	1.25	226		
	Laborer	2.20	.60	267	.75	193	.75	193	.70	214	.90	144		
	Teamster	2.20	.60	267	.87	153	.85	159	.80	175	1.00	120		
	Single team	4.00	.60	567	.87	360	.85	371	.80	400	1.00	300		
Office force.	Double team	5.32	.60	787	.87	512	.85	526	.80	545	1.00	482		
	First clerk	4.44	1.10	304	1.50	196	1.60	177	1.50	196	2.00	122		
	Second clerk	3.84	.90	271	.87	284	.90	271	.80	318	1.50	122		
	Third clerk	3.11	.60	418	.75	315	.60	418	.85	418	1.00	211		
Average.	Compared with England	3.91	.85	360	.87	284	.90	271	.85	298	1.25	167		
	Compared with Grand Mere	3.98											2.54	40

Approved: BUREAU OF STATISTICS.
BUREAU OF STATISTICS, May 16, 1908.

JESSE L. PLASS,
Chief Clerk, Bureau of Statistics.

Based on these rates, the cost of labor per ton of paper would be in each country as follows:

International Paper Company.....	\$8. 00
England	3. 29
Germany	2. 48
Sweden	2. 22
Norway	2. 22
Austria	2. 09

Thus some European countries have an advantage on labor solely almost equal to the whole duty of \$6.

While at present no news paper comes into the United States from European countries, we believe that if the duty were removed importations would follow from Scandinavia, Finland, and Germany. In Germany prices are sustained in the home market by a combination sanctioned by the Government and the surplus is sold for export to the highest bidder, regardless of cost, special rates of freight being given by government railroads; and the German manufacturers are thus able to hold important markets in England and in South America and to compete with Canadian and United States paper in Australia and at other points.

We have no exact figures for the cost of production in Finland, but it is a matter of common knowledge that wages there are but a fractional part of what we pay and that wood is extremely cheap. The industry is growing rapidly there. Finland pays our duty upon sulphite pulp and reaches the interior of the United States, underselling western pulp mills at their very doors.

In Scandinavia labor and wood are both very much cheaper than in the United States, and their surplus pulp and paper could be profitably marketed in this country if there were no duty.

Importations of print paper from Canada amounted in 1907 to 13,248 tons, and have continued at an equal rate through 1908, and the business of this company has suffered considerable inroads from this quarter. We were obliged to curtail production, beginning the latter part of 1907, because we could not place our normal product at a price sufficiently remunerative to enable us to pay dividends and the scale of wages in vogue. Starting with the executive department, a system of rigid economy and retrenchment was inaugurated, followed by the reductions in dividends above referred to, which were equivalent to a reduction of 15 per cent on our normal pay roll.

It became apparent in July of this year that a temporary reduction would have to be made in wages. The salaries of superintendents and other mill officials were first readjusted. The reduction in wages of some of the foremen belonging to the union which controlled the machine tenders precipitated a strike. The members of the pulp makers' union, however, and the firemen's union were desirous of continuing work and of helping the company meet a critical situation, and consented to a reduction of about 5 per cent in wages. The strike lasted three months and has finally been broken, the men of the paper makers' organization returning individually and accepting a reduction of about 5 per cent.

The average price at which the product of the company was marketed in 1900 was \$43.64 per ton, delivered to the consumer, and in 1907 it was \$42.83, a decrease of about 2 per cent, notwithstanding the increase in rate of wages of 66 per cent and in cost of wood of

100 per cent. This decrease is in marked contrast with the advance in price of other grades of paper, and particularly with the general increase in the price of all kinds of commodities during the same period.

Our paper is manufactured and sold absolutely independently of other companies manufacturing news paper, which number 52 separate concerns. We make our prices absolutely independently, considering only the cost of production and a fair profit necessary to pay reasonable dividends and maintain the efficiency of our property.

The International Paper Company has made, up to June 1, 1908, 4,621,283 tons of paper, and, as stated, has declared dividends aggregating \$13,950,000. This is an average profit to stockholders of only \$3.02 per ton, so that the duty of \$6 per ton has not, as has been alleged, been a "shelter for extortion."

We believe this mere recital of facts relating to the International Paper Company is conclusive evidence that it is in no sense monopolistic, and it therefore should not be deprived of the protection intended to be accorded to all legitimate industries under the tariff policy of the Government.

Neither conditions precedent to nor the usual results attendant upon a monopoly exist in this case. The company does not dominate the production or price of the line of goods which it manufactures. It is not overcapitalized, and its profits are not only not exorbitant, but are not a fair return upon the investment. It violates no statute aimed at restraint of trade, nor any other. The wage-earner has profited under its management. Its competitors have not complained against it. Its customers acknowledge that its service and the quality of its output have improved since the company was formed, and that they are equal, if not superior, to those of any of its competitors. Its stockholders have never charged it with dishonest or inefficient management, and, in general, none of the grievances exist which are supposed to be engendered by so-called "trusts," with the sole exception that some few publishers have charged extortion and various malevolent acts, which they have repeatedly failed to prove.

If any discrimination is to be made between large industrial corporations which conduct their business in a legitimate manner and those which do not, the International Paper Company claims that it is entitled to commendation rather than condemnation, and in the formulation of the Government's tariff policy that it should receive on its own account fair and reasonable protection, and that no policy should be adopted which would injure it or the industry of which it is but a small part.

Referring to paragraph 393 of Schedule M, we are opposed to any reduction whatever in the duties therein specified for pulp. The duty on mechanically ground wood pulp of one-twelfth cent per pound is equivalent to not more than 10 per cent on the average price.

Next to the raw material, wood, the most important factor in the manufacture of ground wood pulp is water power for reducing the wood to pulp. This company not only produces all the ground wood that it requires, but has ample undeveloped water power in reserve for its future requirements when, and if, the condition of the market warrants a further increase in its output in this country. The making of ground wood pulp constitutes one of the most important steps in the process of making paper, and involves a large out-

lay of capital and the employment of a large amount of labor. We do not believe that our paper should be brought in competition with paper made from foreign pulp having free entry into this country, since the wages in foreign mills are so much less than in our own. In 1907, 138,000 tons, valued at nearly \$2,000,000, came in from Canada.

The duty on chemical wood pulp of one-sixth cent per pound amounts to not more than 9 per cent upon the average price of unbleached sulphite pulp, which is the only kind of chemical pulp that we use to any considerable extent. We make all the sulphite pulp that we require and have ample facilities for increasing our output as fast as conditions warrant. If the duty were taken off from sulphite, or substantially reduced, this market would be flooded not only with sulphite pulp from Canada, but from European countries, particularly Norway, Sweden, and Germany, where, as already shown, labor costs not more than 26 per cent of what we pay; as well as Finland, where wages are still lower.

We do not believe the capital and labor involved in this branch of our business should be subjected to unrestricted competition with foreign pulp, which may be, and is, sold in this market in spite of the existing duty. In 1907, 50,000 tons came from Canada and more than 40,000 tons from Europe.

We will subsequently discuss the so-called "countervailing duty" clause contained in this paragraph and paragraph No. 396.

Referring to paragraph No. 396, we are most emphatically opposed to any reduction in the duty on print paper in so far as it applies to news paper. The duty of three-tenths cent per pound on paper valued at not above 2 cents per pound is practically about 15 per cent upon the price at Canadian mills. This is a much lower duty than almost any other commodity enjoys, and is substantially the same as under the so-called "Wilson tariff." It is not adequate to prevent extensive importations of news paper from Canada, as already shown, and any reduction would mean an increase in importations and a loss of business for us. It would check the growth of our production, and the removal of the duty would close up a number of our mills. We believe that under any conditions the free admission of paper would compel us to abandon many of our plants and either drive us out of business or compel us to build mills in Canada.

We believe that great as is the stake which our stockholders have in this issue it would be as nothing compared with the disastrous effect upon our employees and the communities where our mills are located. We believe that an industrial concern of the magnitude of the International Paper Company can not be crippled or crushed out without serious detriment to the welfare of the country.

The normal capacity of the International Paper Company exceeds the present consumption of its customers, and yet 7,000 tons of print paper were imported into this country during the first half of 1908, depriving the employees of our own and other mills of employment.

If the duty on paper were removed or substantially lowered, and if this resulted in reducing the price, as claimed by some publishers, this company, having no sufficient margin of profit to enable it to resist foreign competition without loss, would be forced, in an effort at self-preservation, to accomplish retrenchment both by cutting down

wages and abandoning conservative and comparatively expensive methods of lumbering on its timber-land holdings in this country; instead of leaving small wood for future growth, it would have to strip the lands of every available stick of pulp wood and would very likely be forced to realize further by marketing all the hard wood thereon. It would aim to keep going long enough to get all it could out of its timber lands, mills, and water powers before abandoning them.

We firmly believe that removing the duty from paper would not only not be in the interest of forest preservation in this country, but would lead to the immediate destruction of the timber on the 5,000,00 acres held by paper manufacturers, and as much more as they could get hold of.

We know of no way by which this result can be avoided if we are brought into competition with free paper, which is what Canada seeks. We believe that the movement in Canada in favor of putting an export duty on pulp wood, or prohibiting its exportation, is not likely to be successful, because it is not founded on any sound or just principles; and we further believe that if it should be successful it would result in such great injury to Canada that such a policy would be short lived.

One of Canada's greatest assets is her forests, but they are only profitable to her in so far as they are productive. We sympathize with any bona fide desire on her part to perpetuate her forests and are willing to submit to any reasonable restrictions in our operations in the Canadian woods which have that end in view, but Canada has a very great area of timber lands, and they can produce a large annual yield without impairing them—all that her mills and ours will want for generations to come.

Canada is exporting \$33,500,000 worth of forest products a year. and is doubtless eager to increase her markets for lumber, etc., and her exports thereof. Her exports of pulp wood in 1907 amounted to about \$5,000,000. It looks inconsistent, to say the least, for her to seek to increase her exports of lumber generally and to check the exports of one particular variety, especially as pulp wood is very generally distributed throughout the Dominion. The consumption by the United States is comparatively insignificant compared with Canada's extensive supply.

We are therefore forced to the conclusion that the opposition to exporting pulp wood is not based on any genuine apprehension on behalf of forest preservation. On the contrary, we have conclusive evidence in published statements of the exponents of this policy that the real motive is to hamper the industry in the United States in order to build it up in Canada. The movement is supported by the Canadian paper and pulp manufacturers, who desire to increase their output and to secure a market for it in the United States. In other words, they wish to withhold from us the raw material which we desire and force us to take the manufactured product.

This attitude is inconsistent with their general tariff policy, which admits our raw material free and raises a higher barrier against manufactured products. For example, Canada imported free of duty in 1907 from the United States about \$8,000,000 worth of raw cotton, but our own manufactured cotton goods going into Canada have to pay duties ranging from 20 to 35 per cent. In addition,

Canada gives to England a preference of 33 $\frac{1}{4}$ per cent on cotton goods, also made from the raw cotton which we furnish. Canada is also taking from us annually about \$28,000,000 worth of coal and coke (all free of duty except 50 cents per ton on bituminous coal) to run her mills to make goods which the United States could furnish her if it were not for her tariff.

Although the Province of Ontario has actually prohibited the export of pulp wood cut from crown lands, and the Province of Quebec discriminates against us by charging 25 cents more per cord for stumpage on pulp wood if it goes to the United States than if manufactured in the Dominion, it seems improbable that either the Canadian people or the government will ever sanction so unfriendly and unusual an act as placing a general prohibition or embargo upon the exporting of pulp wood.

It would seem, however, to be only the part of prudence for this country to prepare itself should such hostile action be taken. We advocate, therefore, that the countervailing duties provided for in sections 393 and 396 should be remodeled so as to make their application more sweeping in case Canada assumes an aggressive attitude. Should your committee desire our views more in detail as to how this should be done, we shall be glad to submit them.

So far as this company therefore is concerned, it is content to have the tariff remain as it is, with the exception of the countervailing clause and the possible addition to the administrative act of the tariff of a provision which will prevent foreign manufacturers from selling their output in this country at lower prices than prevail in their home markets.

Mr. UNDERWOOD. I see that most of your factories are located in New York, Maine, and Vermont. What percentage of the output of paper do your factories represent north of the Potomac River and east of the Allegheny Mountains?

Mr. LYMAN. I should say about 60 per cent, as a rough calculation.

Mr. UNDERWOOD. Being a large producer of the paper that is manufactured within that territory, I presume that you ship your paper from the nearest mill to the market that demands that supply, do you not; in other words, if you were shipping to Boston you would send from the mill nearest Boston?

Mr. LYMAN. If the sizes suit our machines, and if the quality suits the customers.

Mr. UNDERWOOD. As a rule you have your mills built for that purpose, do you not?

Mr. LYMAN. We do not have them built for any particular locality; that is, we do not build them for a market that is nearest at hand.

Mr. UNDERWOOD. You manufacture for the market nearest at hand, don't you.

Mr. LYMAN. We manufacture for the country. No, we do not. In the case of New York City, where there is such a great permanent demand, if we put up a mill that was favorably situated to suit that market we would undoubtedly consider the size of the rolls used in the New York market, but that would be no guarantee that they would be permanent.

Mr. UNDERWOOD. Does the paper that you ship to the Boston market come from mills more contiguous to the Boston market than from your other mills?

Mr. LYMAN. Yes, naturally, in so far as we can we try to have the average freight rate less.

Mr. UNDERWOOD. Under those circumstances, what is your average freight rate in covering the product to the Boston market from the mills that are contiguous?

Mr. LYMAN. I can only say from general knowledge. We have departments that have their specialties, and no one person in our company knows all the details of all our departments; but I should say that probably 10 cents a hundred.

Mr. UNDERWOOD. Long tons or short tons?

Mr. LYMAN. Ten cents a hundred pounds.

Mr. UNDERWOOD. That would be \$2 a ton.

Mr. LYMAN. Two dollars a short ton.

Mr. UNDERWOOD. Well, as to the New York market, what would the freight rate come to in the delivery of your product?

Mr. LYMAN. That will average probably 15 cents, or \$3 a ton.

Mr. UNDERWOOD. What is the distance of the contiguous mills of your company to the Boston market?

Mr. LYMAN. The nearest mill that makes newspaper is the distance from the Connecticut River at Bellows Falls to Boston, which I do not know.

Mr. UNDERWOOD. Estimate what it is.

Mr. LYMAN. I understand it is 116 miles.

Mr. UNDERWOOD. What is the distance from your contiguous mills to New York?

Mr. LYMAN. From 50 miles above Albany, and as Albany is about 145 miles, that would make it about 200 miles.

Mr. UNDERWOOD. What is the nearest distance to Boston from the nearest Canadian mill?

Mr. LYMAN. The nearest Canadian mill that I know of, and that I have in mind, is at Ottawa, which is distant about 300 miles from Boston.

Mr. UNDERWOOD. What is the distance in New York from the nearest Canadian mill?

Mr. LYMAN. Well, I think it would be the same as from Ottawa, although I think Boston must be a little farther from Ottawa than New York, but probably about the same distance.

Mr. HASTINGS. It would be 400 miles from New York.

Mr. UNDERWOOD. Now, what would it cost for the transportation of a ton of paper from the Canadian mill that is situated 300 miles from Boston to Boston? You stated that the cost from your mill to Boston would be about \$2 for 116 miles. What would be the freight rate from the Canadian mill to Boston?

Mr. LYMAN. Well, I should say that would be probably 15 cents a hundred.

Mr. UNDERWOOD. That would be about \$4.50.

Mr. LYMAN. Excuse me, but it strikes me that it is futile to have these guesses and then try to form conclusions based upon those, when, if you wish, I will put in a table of the exact figures; in fact, that has all been submitted to this select committee, and therefore, I did not attempt to burden ourselves with memoranda of those details.

Mr. UNDERWOOD. What I wanted was this: As I read your statement through, you did not deal in the freight rate. I desired to as-

certain those facts, but if you prefer to put that in in a supplemental paper, very well.

Mr. LYMAN. I will say that the reason why I did not take up the freight rates was that I think you can eliminate them on both sides of the equation; that they do not cut much of a figure one way or the other, except that we have to consider freight on our wood; but as for the freight on the paper, there are some portions of the United States which some Canadian mills can reach for less than some of the American mills, and some points which some of the American mills can reach, naturally, cheaper than the Canadian mills.

Mr. UNDERWOOD. I took it that this shipment of paper was a good deal like a shipment of coal or lumber; that the freight rate was a very material factor in reaching the market, and that when your mills went southward, going away from the Canadian market, you have the advantage of the difference in distance. Are not the western mills located very much nearer the market in which they sell their products than the Canadian mills?

Mr. LYMAN. My impression is that the difference diminishes the farther away you go; that is, as you go farther away from the mills the rates draw nearer together. Is that not so, Mr. Chable?

Mr. CHABLE. The rates from western points to Canadian mills are exactly the same as to places like Otis, Me., or Berlin, N. H. They take what is known as the Berlin rate.

Mr. LYMAN. The Canadian railroads fix that up so as to put the Canadian mill on an equality with the United States mill.

Mr. UNDERWOOD. There are a good many mills located in the West, which are doing a paper business, are there not?

Mr. LYMAN. Yes.

Mr. UNDERWOOD. And they are a good many hundred miles nearer the markets in St. Louis and Kansas City and New Orleans than the Canadian mills, are they not?

Mr. LYMAN. Not a good many hundred miles, I do not think.

Mr. UNDERWOOD. How far south is the farthest paper mill located in the United States; South or West?

Mr. LYMAN. You are speaking of news paper?

Mr. UNDERWOOD. The mills in your business, yes.

Mr. LYMAN. The farthest south is at Turners Falls, in the East; and in the West I should say that was at Appleton, Wis., so far as I know. At Kansas City there is a paper machine started by a newspaper publisher, and I would hardly put that in the category of a mill. It has never been a success, and it does not make its own pulp.

Mr. UNDERWOOD. According to that, Wisconsin is then your farthest southern mill, and the Canadian mills that manufacture paper are largely in eastern Canada, and not in western Canada?

Mr. LYMAN. Mostly in Quebec, yes.

Mr. UNDERWOOD. So that for the western and southwestern market, the mills located in Wisconsin are very much nearer that market than the Canadian mills, are they not?

Mr. LYMAN. Well, that is a question. That hinges on one's knowledge of the relative distances geographically.

Mr. UNDERWOOD. I judged they were, and I wondered if there was any reason in freight rates or otherwise that you knew of, and if so, I would like to have you state it.

Mr. LYMAN. I would consider that there was—as I understand it, the freight rates from those Canadian mills are made equal to the rates from the Wisconsin mills and the Minnesota mills, to such points as that.

Mr. UNDERWOOD. Do you mean to say that the railroads give the same rates now under this new interstate-commerce law from the Canadian mills located at Quebec, to Kansas City, that a mill in Wisconsin would give?

Mr. LYMAN. The Canadian roads can make any rate they want, which of course is not controlled by the Interstate Commerce Commission.

Mr. UNDERWOOD. I understand that you state that as a fact?

Mr. LYMAN. As a general principle, the Canadian roads make very low rates to help out the Canadian industries.

Mr. UNDERWOOD. Can you state it as a fact that the rate is the same; that there is no advantage to the Wisconsin mill over the Canadian mill in freight rate going to St. Louis or Kansas City?

Mr. LYMAN. I am not stating that as a fact, unless it can be corroborated by some gentleman here. I think it is a little higher.

Mr. UNDERWOOD. Do you know how much?

Mr. LYMAN. I do not; and moreover we have no mills in Wisconsin.

Mr. UNDERWOOD. I am talking about the general paper business. I knew from your statement that you have no mills there. The freight rate differential in favor of the American mill must be a dollar or two a ton on paper, is it not?

Mr. LYMAN. In some instances it is a dollar or two in favor of the Canadian mill, as I have stated. Now, it will all come to this, that in my opinion the freight rates are practically the same, and the differences are prescribed by other more important factors of cost.

Mr. UNDERWOOD. I notice that your capital stock amounts to something like—I believe you have 22 millions of common stock, 17 millions of preferred, and 17 millions of bonds.

Mr. LYMAN. You have those figures reversed as to the stock. We have 22 millions of preferred and 17 millions of common.

Mr. UNDERWOOD. Does that represent an actual investment, or was that stock issued at a valuation in putting it into the new company?

Mr. LYMAN. The properties that were taken in were taken at an appraised value, and what they actually cost nobody knows but the people who were connected with them before the International Paper Company was formed. They were taken in at what was considered to be a fair value, and most of those who were to take part in the formation of the International Company were anxious to have every other person's property put in at the minimum price so that their own would not be diluted.

Mr. UNDERWOOD. You do not know whether that represented the actual cost, the original cost of the plants, or not?

Mr. LYMAN. Nobody knows that. Their appraised value was had at a time of very great depression and very small earnings; and if the formation of the company had been postponed a few years, until there was general prosperity, I presume that they would have been appraised at a very much larger figure; that is, the owners would not have been willing to part with them at such figures as they were taken in at in 1897.

Mr. UNDERWOOD. In 1897 the prices had not gone up very extensively?

Mr. LYMAN. Gone up from when?

Mr. UNDERWOOD. Had not advanced as they had up to 1907.

Mr. LYMAN. In 1897 they had not advanced from when?

Mr. UNDERWOOD. They were not nearly as high as they were in 1907, ten years later—the general prices?

Mr. LYMAN. Well, our first business year was 1898, and I have given our price for 1900. My impression is that the price for 1898 was about the same as 1900, and that the prices in 1897 were—

Mr. UNDERWOOD. I do not think you understand the question that I asked you. You say that you put this property in at a low valuation, that you considered it a low valuation, but that had it been put in a few years later it would have gone in at a much higher price. You put it in in 1897 or 1898—

Mr. LYMAN. It was appraised in 1897, and the company started in 1898.

Mr. UNDERWOOD. Since that time, according to your statement here, you have not been able to pay any dividends on the common stock?

Mr. LYMAN. Only three small dividends.

Mr. UNDERWOOD. You stated that if this property had been put in a few years later it would have been put in at a very much higher figure. There is nothing here in the earning capacity of the company to warrant that statement—that you could have put it in at a higher figure?

Mr. LYMAN. There was a time during the Spanish war when paper became very scarce and independent mills asked a good deal more for their paper than the International Paper Company did, and it was in our power to ask very much higher prices than we did ask.

Mr. UNDERWOOD. The Spanish war occurred at the time you organized, in 1898?

Mr. LYMAN. That was our first year, but the effect was not felt so much until the latter part of 1898 or 1899. I think you will find that generally the stimulus of the Spanish war—I do not remember when the Boer war occurred—but I know that the effect of those occurrences was not felt for a year or so commercially.

Mr. UNDERWOOD. If your statement as to the earning capacity of the company is correct, there is nothing in your earning capacity to demonstrate that the property was worth what you put it in the company for, is there? It has only paid a dividend on two occasions, on the bonds and preferred stock.

Mr. LYMAN. The value of a property is not wholly determined by what it will earn; if it were, stock watering, of course, would be justified.

Mr. UNDERWOOD. Then, this stock really has some speculative value; that is, it is speculative value that they have put in here and not an actual value?

Mr. LYMAN. That is a thing that can not be positively said by anybody, because the matter of valuation is uncertain, and one person may say that a thing is worth so much, and another so much; and if the man who sold that property had said that his property was worth

so much in common stock and so much in preferred stock, there is nobody who could prove but that it was right.

Mr. UNDERWOOD. But really, as a matter of fact, the great percentage of the value of this company is upon a speculative estimate as to the value of your water power and your wood holdings—land holdings—and not as to the buildings and plants. Is not that so?

Mr. LYMAN. The plants are a large element. That is all shown in a statement to the select committee showing just how we make that up.

Mr. UNDERWOOD. Now, it was stated to-day by the gentleman who preceded you on the other side that your mills were old and not up to date, and that no improvements were put into them. Is that so?

Mr. LYMAN. It is wholly misleading. It has been a statement that he has harped on for ten or twelve years, ever since the hearings, in 1896, when it was stated that they were dilapidated and old then. It is perfectly absurd.

Mr. UNDERWOOD. If that statement is untrue, then to what extent have you improved your mills and developed them since that time; since your organization?

Mr. LYMAN. The extent to which we could with the outlay of the proceeds of \$6,000,000 bonds and what surplus earnings we could make to keep them up.

Mr. UNDERWOOD. How much did it amount to?

Mr. LYMAN. Roughly speaking, \$12,000,000 or \$13,000,000, perhaps—\$10,000,000 I would say, because some of these earnings we appropriated in other ways; they were absorbed in working capital—that is, the working capital increased.

Mr. UNDERWOOD. Do I understand you to say that you have improved these plants to the extent of 10 millions of dollars in addition to 6 millions of bonds?

Mr. LYMAN. No; including.

Mr. UNDERWOOD. Four millions of dollars in addition to 6 millions bonds?

Mr. LYMAN. Yes, sir.

Mr. UNDERWOOD. How much have you increased your working capital since your organization?

Mr. LYMAN. That I am unable to say offhand without working it out from our statement. It fluctuates. We have been having several bad years, and our working capital has been absorbed.

Mr. UNDERWOOD. Do you know what your working capital was when you organized your company?

Mr. LYMAN. Well, I did know, but I don't recollect it. I should say four or five millions.

Mr. UNDERWOOD. What is your working capital to-day?

Mr. LYMAN. I say, I do not know.

Mr. UNDERWOOD. Is it in excess of what it was when you started?

Mr. LYMAN. I can not say just what the last balance sheet would show as free capital. I think that when we made up a statement for the select committee that it was somewhat less than five millions.

Mr. UNDERWOOD. Then you have not increased your working capital since you started?

Mr. LYMAN. That would follow if those guesses are correct.

Mr. UNDERWOOD. But you have added four millions out of your profits to your improvements?

Mr. LYMAN. To maintenance.

Mr. UNDERWOOD. I thought you said a while ago that it was betterments. Maintenance would leave the mill in the same condition, while betterments would put it in a better condition.

Mr. LYMAN. I do not think I used the word "betterments;" I said improvements.

Mr. UNDERWOOD. You said the property was in a better condition than when you started out, and for that reason the gentleman's statement was incorrect. Do you take that back?

Mr. LYMAN. I think I stated that the statement that they were a lot of dilapidated mills, or ever had been so, was grossly misleading.

Mr. UNDERWOOD. Well, in view of that, you said that you had put betterments on them probably to the extent of these earnings, \$6,000,000 out of bonds and \$4,000,000 out of profit. Now, you have been running for about ten years?

Mr. LYMAN. Yes, sir.

Mr. UNDERWOOD. That would represent an earning capacity in addition to what you paid on your stock of about \$400,000 a year profit that you have made out of the business?

Mr. LYMAN. I have worked that all out right here—\$700,000.

Mr. GRIGGS. You say that the earnings of the company in excess of dividends in ten years amounted to \$7,381,000, leaving the surplus earnings, together with the proceeds of sale of \$6,000,000 of bonds, as having been used mostly in the improvement of plants, which is \$13,381,000?

Mr. LYMAN. Yes.

Mr. GRIGGS. You only used \$10,000,000 of that?

Mr. LYMAN. I say mostly. I did not substantiate that by looking it up. I know the affairs of the company generally.

Mr. GRIGGS. I am not trying to mix you up at all, but to set you right.

Mr. LYMAN. Yes; I do not want to be held down to too great exactness in making statements in answering questions of this nature.

Mr. UNDERWOOD. Counting betterments and improvements, you have a pretty profitable concern?

Mr. LYMAN. Not at all, sir. I do not regard that as at all an adequate profit for the property that is represented.

Mr. UNDERWOOD. What effect do you think it would have on the price of paper if we were to repeal all duties on manufactured wood pulp and paper?

Mr. LYMAN. On the price of paper?

Mr. UNDERWOOD. I will put it in this way: I will not say to remove the duties, but if we adopted a minimum and maximum tariff bill, and the executive department of the Government should enter into a reciprocal agreement under a minimum and maximum tariff rate with Canada that would remove the duties from Canadian wood pulp and Canadian paper—leaving out the balance of the world—I will ask you what effect that would have on the price of paper?

Mr. LYMAN. That would be exactly tantamount to removing the—

Mr. UNDERWOOD. That would mean free trade from Canada to this country.

Mr. LYMAN. The effect would be the same as if you took it off here, unless it gives us power to retaliate by going in and getting the Canadian market.

Mr. UNDERWOOD. What I mean is this, to make myself plain: If we had free trade on paper and wood pulp between this country and Canada, leaving out the balance of the world, leaving the duty on for the balance of the world, what effect would that have on the price of paper in the United States?

Mr. LYMAN. I think it would greatly lower the price, and in the course of ten years you would find that the paper was being made up in Canada, and the mills here would be abandoned in a very large number; but the change, as I look at it, would take place gradually.

Mr. UNDERWOOD. To what extent would it immediately lower the price?

Mr. LYMAN. I do not think it would immediately lower it at all. There is great scarcity of paper at this minute. If we should have a rainy fall and things freeze up, the situation would be relieved.

Mr. UNDERWOOD. At a time when you were able to produce sufficient paper both in this country and Canada, mills running under normal capacity, what effect would it have on the market?

Mr. LYMAN. If we were running to normal capacity and the consumption and production were just about balanced, it would reduce prices just as soon as Canada could increase her output, which we would do.

Mr. UNDERWOOD. Well, if you can not answer my question, all right; but I would have liked to have had from you a statement of facts, as you are in the business, but if you can not make it, say so.

Mr. LYMAN. People are very apt to ask questions from practical men and lead them to make a reply about something which they do not know anything about. Now, I know just enough about this to know that I do not know enough to get up and tell you just what is going to happen, because so many things could occur to interfere with that.

Mr. UNDERWOOD. The amount of the tariff on a ton of Canadian paper coming into this country is how much?

Mr. LYMAN. Six dollars.

Mr. UNDERWOOD. Would it reduce the price to the extent of \$6 if we took the tariff off?

Mr. LYMAN. I believe it would not at once. It might have that tendency, but before the tendency could work out, some other tendency and influence might get to work that would offset it.

Mr. UNDERWOOD. Then you do not think the reduction in price in this country would amount to as much as \$6?

Mr. LYMAN. Not immediately; no

Mr. UNDERWOOD. Do you think it would ultimately?

Mr. LYMAN. Other things being equal, if no other conditions come in to change it—suppose, for instance, that all the Canadian mills were unionized, and rates were raised. Would not that have a tendency to offset it? There are a great many things like that that can happen.

The CHAIRMAN. Who is the author of this brief that you have presented?

Mr. LYMAN. I wrote it.

The CHAIRMAN. You are the author of it?

Mr. LYMAN. Yes.

The CHAIRMAN. You state that in 1898 the International Paper Company took over the property of a number of corporations by purchase, as I read it. What did they do, buy out the stockholders?

Mr. LYMAN. The old companies—for instance, the Glens Falls Paper Manufacturing and Paper Mill Company, that had mills at Berlin, sold all of their property to the new company, the International Paper Company—as a matter of fact, they sold it to trustees who received it.

The CHAIRMAN. I do not care how the transfer was brought about, but they sold it for what consideration, cash?

Mr. LYMAN. Stock and bonds of the International Paper Company.

The CHAIRMAN. Do you remember the amount of stock and bonds?

Mr. LYMAN. Of that particular mill, or any mill?

The CHAIRMAN. Yes.

Mr. LYMAN. No; I do not.

The CHAIRMAN. Do you remember that of any of them?

Mr. LYMAN. No; I do not.

The CHAIRMAN. You have figures to tell you of each mill?

Mr. LYMAN. Yes.

The CHAIRMAN. If it would not be too much trouble, I wish you would produce a statement showing the purchase price of each of these properties, and how paid, in cash, bonds, or otherwise.

Mr. LYMAN. We can do that, and would be glad to do it.

The CHAIRMAN. And the capacity of each mill—the number of tons they made each day—at the time of the purchase. Have you got that information here now?

Mr. LYMAN. No; I have not, but I will have my secretary make a memorandum of it and furnish it.

The CHAIRMAN. You may send it to the committee to be filed. Now, you make certain statements here about the wages paid in the mills, your mills, and the foreign mills; that is, you make a statement about one of the Canadian mills. What Canadian mill is that?

Mr. LYMAN. The first statement refers to the J. R. Booth mill at Ottawa.

The CHAIRMAN. And what is the capacity of that mill?

Mr. LYMAN. It has increased lately. What is the capacity of the Ottawa mill, Mr. Hastings?

Mr. HASTINGS. About 100 tons.

Mr. LYMAN. What was it in February?

Mr. HASTINGS. The same then.

The CHAIRMAN. And where did you get your information about the wages?

Mr. LYMAN. Mr. Whitcomb, the manager of our manufacturing department at that time, was at that mill, and talked personally with the laboring men in the mill; got it from the men themselves as to what they were being paid, and made a memorandum of it.

The CHAIRMAN. When did you get that?

Mr. LYMAN. That was gotten in the spring of this year.

The CHAIRMAN. Did you get information as to the wages paid in any other Canadian mill?

Mr. LYMAN. We did; through the president of one of the labor organizations. He got a partial list of several mills, and one of those is incorporated in that statement; that is the Grand Mere Laurentide mill.

The CHAIRMAN. You did not put that in your brief?

Mr. LYMAN. Yes; that is in one of the statements. It is rather incomplete.

The CHAIRMAN. The last column in that statement?

Mr. LYMAN. Yes, sir.

The CHAIRMAN. Does that represent the wages in several mills?

Mr. LYMAN. That is fairly representative, I understand. We haven't got it absolutely and completely.

The CHAIRMAN. What about this mill of Sir William Van Horne's that we hear so much about?

Mr. LYMAN. That is the Laurentide Paper Company, at Grand Mere, on the St. Maurice River. It was started originally by United States capital, and is the one that General Alger had an interest in.

The CHAIRMAN. Where is it located?

Mr. LYMAN. At Grand Mere, on the St. Maurice River.

The CHAIRMAN. What part of Canada is that?

Mr. LYMAN. It is in Quebec, about the central part.

The CHAIRMAN. Sir William has made some statement about wages paid in the mill, hasn't he; or some statement has been published purporting to have come from him?

Mr. LYMAN. There has been a statement from that mill as to wages, but I do not know whether Sir William Van Horn has ever made any statement in regard to wages or not.

The CHAIRMAN. And that statement purported to show that the wages were greater in the Canadian mills than in the American mills?

Mr. LYMAN. I say I am not aware of any statement made by Sir William Van Horn.

The CHAIRMAN. You said that there was a statement published. That statement that you saw published purported to show greater wages paid in that mill than in the American mills, did it not?

Mr. LYMAN. I do not think it made that comparison.

The CHAIRMAN. I noticed something in Mr. Norris's brief about it, some general statement, and I would like to know the facts about it.

Mr. LYMAN. We have no very good data as to the wages paid in the Canadian mills. It is not complete.

The CHAIRMAN. Do you think you can get those figures for me?

Mr. LYMAN. We will make another effort. We have tried to get them, but have not succeeded in getting the information completely; but we will make it a point to do so if we can.

The CHAIRMAN. Have you stated in your brief all the differences that occur to you in favor of the Canadian mills lowering the cost of production below that of the American mill?

Mr. LYMAN. I do not think I understand that question.

The CHAIRMAN. You have stated in your brief the differences in cost of labor, cost of stumpage, etc. Have you stated all those differences that have occurred to you in favor of the Canadian mill?

Mr. LYMAN. I did not attempt to go into the small ones. I thought the larger factors were enough to be determinate.

The CHAIRMAN. Are there no other differences?

Mr. LYMAN. There are differences one way or another, some against us and some in favor of us, and quite different at different mills, the different mills in our company, and the different mills in Canada.

The CHAIRMAN. You do not go into the difference in freight?

Mr. LYMAN. Freight on paper?

The CHAIRMAN. The freight on pulp wood or freight on anything.

Mr. LYMAN. Enough to satisfy myself that it was almost negligible; that is, the difference in the freight upon the finished product from the Canadian mills and the American mills.

The CHAIRMAN. You could not give us the average freight paid per ton on pulp wood, bringing it to your mill and bringing it to the Canadian mill, and the average amount per ton paid on the products of the two mills?

Mr. LYMAN. I attempted to give the averages—I did give the average rates of freight paid on our wood of \$3.25, but you might say that there is no such thing as “average freight” to the Canadian mills, and you would have to have a complete statement in order to get a true average.

The CHAIRMAN. Do you mean to say that they haven’t any average freight rate from the Canadian mills to New York or Boston?

Mr. LYMAN. Quebec is a pretty big province, and they have pulp-wood mills that are away up at Lake St. John, north of Quebec, and away out West in the western part of Ontario; but I can get rates that are typical.

The CHAIRMAN. With their mills located in those places so far away from the market, you would not have much competition anyway; they would rather sell nearest home.

Mr. LYMAN. Oh, no.

The CHAIRMAN. Where do they sell?

Mr. LYMAN. They sell in Europe, in Australia, and some of it here.

The CHAIRMAN. Do they sell it in the United States?

Mr. LYMAN. Some of it here. I gave the amounts that they sell here.

Mr. CALDERHEAD. Do you sell paper in Kansas and Nebraska?

Mr. LYMAN. No; we do not get out as far as that.

Mr. CALDERHEAD. How far West do you go?

Mr. LYMAN. No farther than St. Louis, I think. We have had some orders out there, but we lost them in competition.

Mr. CALDERHEAD. What price do you sell No. 2 print paper for as far west as St. Louis?

Mr. LYMAN. We only have one grade, and the price in St. Louis to-day would be based probably on about 2½ cents New York delivery, plus the freight to St. Louis. That is my general impression. I am not connected with the sales department.

Mr. CALDERHEAD. Do you know the Carpenter Paper Company, of Chicago?

Mr. LYMAN. Yes; of Omaha? They used to be in Omaha.

Mr. CALDERHEAD. Do you come in competition with that company anywhere?

Mr. LYMAN. I do not know whether they would get east as far as we get west or not. I do not think they come far enough east to reach us. They are jobbers.

Mr. CALDERHEAD. Would you sell paper in 500-ton lots as low as \$2.08?

Mr. LYMAN. Where? Out there?

Mr. CALDERHEAD. In St. Louis.

Mr. LYMAN. No.

Mr. CALDERHEAD. Or Kansas City?

Mr. LYMAN. Not to-day.

Mr. CALDERHEAD. Or Chicago?

Mr. LYMAN. Not to-day. I do not think anybody could get it to-day for that. We could not afford to.

Mr. CALDERHEAD. The Carpenter Paper Company made a contract for 500 tons with one paper in my State at \$2.08 a hundred recently.

Mr. LYMAN. It probably came from a western mill, did it not, considerably nearer than we are to them? The rate becomes prohibitive when you get out that far.

Mr. CALDERHEAD. Is there any print paper selling at that price anywhere in the eastern part of the United States?

Mr. LYMAN. \$2.08?

Mr. CALDERHEAD. Yes.

Mr. LYMAN. I do not think there are any quotations being made now as low as that. There was some paper sold at auction at \$2.05 and \$2.06, and thereabouts, f. o. b. mill. If anybody bought it at the mill and wanted to use it right there at hand, it would not cost them more than \$2.08.

The CHAIRMAN. A year ago quite a number of newspaper people had contracts that ran from three to five years at a low rate, did they not, and they expired?

Mr. LYMAN. Yes.

The CHAIRMAN. So there was quite a difference in the price of paper?

Mr. LYMAN. Yes.

The CHAIRMAN. For instance, the New York Times and the Staats Zeitung had old contracts that expired. They expired, I believe, last spring, did they not?

Mr. LYMAN. I believe they have been making yearly contracts; I think so.

The CHAIRMAN. And after that the price was higher?

Mr. LYMAN. Yes. They had had pretty low contracts. They probably made their contracts at the very most favorable time.

The CHAIRMAN. A gentleman connected with one of those papers told me last summer that he had lower rates than even some of the paper publishers mentioned in Mr. North's reports; he got the paper lower still. However, I want to ask you this question: Can you tell us what proportion of the entire amount of timber cut in the United States is turned into paper?

Mr. LYMAN. As I have figured it out from government reports, it is less than 1.6 per cent.

The CHAIRMAN. Is that a conservative figure?

Mr. LYMAN. It is conservative if the government figures are conservative. It is based purely on official figures. It is simply a matter of arithmetic.

The CHAIRMAN. Are there any statistics that show that?

Mr. LYMAN. Yes, sir.

The CHAIRMAN. Published by the Department of Commerce and Labor?

Mr. LYMAN. There is one pamphlet published by the Forestry Service called "The Drain on the Forests," I think, in which they give what the total consumption of wood is in the United States. They figure it at about 100 billion feet; and the domestic pulp-wood consumption for the same year was about 1,500,000,000.

The CHAIRMAN. That is where you get the ratio of 1.6 per cent?

Mr. LYMAN. Yes.

The CHAIRMAN. That is all.

Mr. CALDERHEAD. Another question. At the same time that this contract was made for 500 tons of paper at \$2.08 contracts were made by another paper company for the supply of paper for the next year—this coming year—at \$2.14; and in another newspaper office in my State, when I made that statement, they showed me correspondence in which they were tendering them paper at \$2.85 for Chicago paper and \$2.87 for paper from Buffalo, and contended that that was the lowest rate that they could make. How does it come that there is such a wide range in prices?

Mr. LYMAN. How recently was the last quotation? What was the difference in the period?

Mr. CALDERHEAD. The last week in October.

Mr. LYMAN. And were they both made at the same time, or practically the same time, or was there a period of six months in between?

Mr. CALDERHEAD. Oh, no; the other one was made the second week in August. The contract for \$2.14 was made the second week in August. The contract at \$2.08 was made between that time and the last week in October; and the offer of paper at \$2.85 and \$2.87 was in the last week in October. It all occurred within that short time. How did it come that there was such a wide range in the prices?

Mr. LYMAN. There has been a very great curtailment of production during the last three or four months.

Mr. CALDERHEAD. But how did it come that in sixty days there was such a wide range in prices?

Mr. LYMAN. It may be that they had not felt the effect of the drought in this particular mill by August; they may have had a surplus and not known how long the drought was going to continue. They may not have realized that it was going to be phenomenal, and may have made a low price accordingly. By the time they got to October—

Mr. CALDERHEAD. Do not misunderstand me. The price of \$2.14 was made the second week in August, and the price of \$2.08 was made sometime about the 1st of October.

Mr. LYMAN. I thought you were talking about a price of \$2.85, or something like that.

Mr. CALDERHEAD. And the price of \$2.85 was made the last week in October.

Mr. LYMAN. I have no doubt that the explanation is perfectly simple to anybody who knows the facts; but I do not know why it was. I do not think I am qualified to guess about a situation when I know so little about it.

Mr. CALDERHEAD. If there could be such a range within sixty days on a staple article of that kind, what good does the tariff do?

Mr. LYMAN. Of course it goes without saying that the tariff having remained the same, there could be no effect of the tariff on that. That is perfectly patent.

Mr. GRIGGS. The exportations of paper were, in quantity, 120,090,000 pounds, valued at \$3,514,281 in the last year—the year to which this book refers.

Mr. LYMAN. The exportations of paper?

Mr. GRIGGS. Yes. Can you explain to me how they could do that?

Mr. LYMAN. Foreign business is generally based on pretty long contracts; and the conditions that prevail when you make your contracts for shipment to Australia, for instance, may be entirely different from the conditions which prevail when you are making your final deliveries.

Mr. GRIGGS. In round numbers, 49,000,000 pounds were exported to Canada.

Mr. LYMAN. Exported to Canada?

Mr. GRIGGS. Yes.

Mr. LYMAN. No; not from the United States.

Mr. GRIGGS. 48,810,734 pounds.

Mr. LYMAN. Of paper exported to Canada?

Mr. GRIGGS. Yes, sir; printing paper at that.

Mr. LYMAN. I do not think that is accurate. Forty-nine million pounds is 25,000 tons; and if it is printing paper it is not news paper. There is no news paper exported.

Mr. GRIGGS. It is a printing paper, which includes news paper, magazine, book, plate, lithograph, music, and other kinds of paper.

Mr. LYMAN. It may be some of those things—hanging paper, or lithograph paper, or something of that kind.

Mr. GRIGGS. It does not include that.

Mr. LYMAN. But it is not news paper. I do not think there has been any news paper sent to Canada at all. They have a duty of 15 per cent against us.

Mr. GRIGGS. You think you can not compete with them, now, with that duty?

Mr. LYMAN. I know that when we fear their competition here, we are not likely to be in a position to go over there with our paper.

Mr. GRIGGS. Do you not think you are a little too much afraid of each other on each side of the line? I know that when I go over to Canada they are very much afraid of the Yankees.

Mr. LYMAN. Yes.

Mr. GRIGGS. And when I talk to a Yankee down here, he is very much afraid of the Canadians. Can not you and I agree on that? Let us agree on one thing to-night.

Mr. LYMAN. If you and I should fix it up somewhat, that would be in the nature of a compromise. I do not think that our apprehension is ungrounded. We have a great deal at stake.

Mr. GRIGGS. Do you think their apprehensions ungrounded?

Mr. LYMAN. Oh, if you took the duty off there, there would be no paper going up there except through a deliberate move to kill them, which other countries used to do to us before we had the duty.

Mr. GRIGGS. Suppose we took the duty off here—there would be nothing coming here except through a deliberate move to kill us, would there? The reverse is true, is it not?

Mr. LYMAN. Oh, no. They are making a surplus, a great deal more than they require, over there; and they have got to place it over here.

The CHAIRMAN. Are there any further questions? If not, that is all.

I want to say right here that the committee will adjourn at fifteen minutes before 12 o'clock; and gentlemen who are not heard will have to avail themselves of the privilege of filing a brief to be printed in the record.

STATEMENT OF MR. DAVID S. COWLES, OF NEW YORK, N. Y.

The CHAIRMAN. What is your residence?

Mr. COWLES. New York, sir.

The CHAIRMAN. Proceed, Mr. Cowles.

Mr. COWLES. Mr. Chairman and gentlemen, what I have to say will not take more than about five minutes.

The CHAIRMAN. You can not always tell about that.

Mr. COWLES. I feel that the amount of data that the special investigating committee has collected covers practically all the points that this committee may require, so far as statistics are concerned. But there are a few questions of general policy which I think enter into this whole question even more, perhaps, than statistics do, and with your consent I should like to suggest one or two of them.

The tariff laws of the United States are framed to provide revenue for the Government and to protect, and thereby develop, the industries of the country and give constant and profitable employment to both capital and labor. The Republican party has pledged itself to a revision of the tariff along these lines, but not in any way in departure from them. It does not stand for free trade or for a tariff for revenue only. Excessive rates should undoubtedly be reduced if it be proven that such rates exist, but no industry should be singled out for destruction at the demand of some other interest, no matter how powerful and influential that interest may be. The present tariff rates on pulp and paper are equivalent to 10 per cent on ground wood pulp and 15 per cent on news-print paper. If the entire tariff were framed for revenue only, and the protective feature were eliminated, the rates on pulp and paper could not be lower. The demand for free pulp and paper was and is made upon the charge that there is an illegal combination in restraint of trade among manufacturers of pulp and news print in this country, and added to that the unsubstantiated argument that the country must have free pulp and paper in order to preserve the American forests. A most searching investigation by a special committee of Congress developed that the first charge was false and the other erroneous. It is a well-known fact that the manufacture of wood pulp and news-print paper has not in the past, and does not now return 5 per cent per annum upon the capital invested in the industry. A removal of the present duty would result in the rapid liquidation of the industry, destruction of the forest lands owned in the United States by the manufacturers of news print, a great loss of invested capital, labor thrown out of employment, and numerous towns and villages which have grown up around paper-making centers and dependent upon them being wiped out.

It must be remembered that the manufacture of news print is based upon water power, and the proximity of such powers to spruce forests.

These conditions are found back in the woods, so to speak, and where these manufacturing plants have been developed communities have grown up around them and are dependent upon them. It is not only the capital invested in the industry which would be destroyed and the labor employed thrown out of employment, but the value of real estate in lands and houses and the business of the storekeepers and merchants would be depreciated, and ruin to many the inevitable consequence.

It is not my purpose to reiterate the details of facts and figures which are furnished in the statement of Mr. Chester W. Lyman, of

the International Paper Company, further than to say that my knowledge of conditions, and familiarity with the paper-making industry, leads me to indorse fully what he has stated, with one exception, that my companies make better paper than his do, and where he gets 2½ cents we should receive 2.35.

Mr. GRIGGS. You do not indorse that statement?

Mr. COWLES. I say I do not indorse the statement that his paper is superior.

I wish to bring prominently to your attention that the danger to the paper-making industry in this country is not alone from cheaper wood in Canada and cheaper wood and low-paid labor in Europe, but from English and European capital, which is satisfied with a return upon its investment on which we in America can not live. It is a well-known fact that in the old countries capital has been accumulating for hundreds of years, and a return of 3 per cent per annum, or 4 per cent at most, is considered a satisfactory return. Where capital can be commanded for manufacturing and trading purposes at such rates, the wages of labor fall to the starvation point. This may seem an extraordinary statement to many, but it is a fact, notwithstanding. When invested capital is insufficiently remunerative, it inevitably leads to a readjustment of wages and other costs of production. Capital and labor go up and down together. If the employment of capital secures an adequate return, capital does not begrudge high pay to labor. If capital is pinched and reduced in earning capacity, the corners are cut, further development ceases, strict economies of all kinds are enforced, and wages and hours quickly feel the depressing influence. We can not stand in this country low and inadequate returns on capital any more than we can stand low wages and long hours of labor. The two go together. It is a law of trade that capital and labor prosper or suffer together. The cheap capital of Europe invested outside of the United States, if its product is admitted free, is as fatal to American industries and American labor as the cheap labor of China. If, therefore, the small tariff protection which the American paper maker has should be taken from him, the consequence would be that the cheap capital of Europe would destroy both the capital and labor invested in the paper-making industry in America.

It has been charged that paper making is destructive of the forests. My companies are owners of large tracts of timber lands. These lands are the basis of all of our operations. They are our raw material, and upon their preservation depends our position in the industry and the earnings of our capital. They are cut strictly according to the best known forestry methods practicable in this country at the present time, under the supervision of an educated forester, and are cut so as to not only secure a supply of pulp wood, but so as to facilitate and increase the growth of the forest. In cutting for pulp wood not less than 25 per cent more wood is utilized on the average from each tree than is the case where the same forest is cut for lumber purposes, because the log is brought out up to a 5-inch, and in some cases 4-inch top, as against an 8-inch top for sawing lumber.

What is true of our operations is in the main true of the industry at large where interested in timber lands. The present tariff rates have been in existence for many years. They have worked no in-

justice to anyone. They are about the lowest in the whole list, have been used for no improper purpose, to remove them or lessen them would be an unwarranted injustice and bring ruin to a great industry. If, by any chance, the great paper-making industry should be transferred to Canada, or other foreign land, I would remind the newspaper publishers who are urging free pulp and free paper that under the British flag the Sherman antitrust laws do not run, and that combinations to advance the price of commodities exported to foreign lands are both approved and encouraged.

Attached to this memorandum is a detailed statement showing the percentage of increase in wages which my own mills are now paying as compared with the wages paid in 1898.

Scale of wages, Lisbon Falls Fiber Company and Pejepscot Paper Company, pulp and paper mills.

	1898. ^a	1900.	1903.	1908. ^b
Machine tenders.....	\$3.00-3.25	\$3.50	\$3.75	\$3.75
Second hands.....	1.75	2.00	2.50	2.50
Third hands.....	1.35	1.50	1.75	1.75
Fourth hands.....		1.50	1.50	1.50
Fifth hands.....			1.50	1.50
Engineer beaters.....	2.00	2.25	2.25	2.25
Assistant beaters.....	1.50-1.35	1.50-1.35	1.50	1.50
Steam engineers.....		2.50	2.50	3.00
Assistant engineers.....		2.25	2.50	2.50
Firemen.....		1.75	1.90	2.50-2.25
Finishers:				
Boss.....	2.00	2.25-2.00	2.25-2.00	3.00-2.50
Helpers.....	1.50	1.50	1.50	1.65
Wood room.....	1.50	1.50	1.50	1.65
Grinders and screens.....	1.50	1.50	1.50	1.80
Outside.....	1.25	1.25	1.50	1.50
Repair men.....				
Boss.....	2.50	2.75	3.00	3.00
Machinists.....	2.25	2.25	2.50	3.00
Carpenters.....	2.00	1.75-2.25	2.00-2.25	2.25
Acid maker.....	2.00	2.00	2.25	2.25
Cookers.....	2.00	2.25	2.50	2.50

^a Two turns.

^b Three turns.

July 1, 1901, paper mills on sixty-five hours week; April 1, 1907, paper mills went on three tours.

Scale of wages, Lisbon Falls Fiber Company and Pejepscot Paper Company, pulp and paper mills, on twelve-hour, ten-hour, and eight-hour basis.

	1898.	1900.	1903.	1908.	Increase.
	12 hours.	12 hours.	10 hours.	8 hours.	Per cent.
Machine tenders.....	\$0.27	\$0.29 $\frac{1}{2}$	\$0.37 $\frac{1}{2}$	\$0.46 $\frac{1}{2}$	73.70
Second hands.....	.14 $\frac{1}{2}$	.16 $\frac{1}{2}$	.25	.31 $\frac{1}{2}$	114.04
Third hands.....	.11 $\frac{1}{2}$	.12 $\frac{1}{2}$	.17 $\frac{1}{2}$	.21 $\frac{1}{2}$	94.67
Fourth hands.....			.15	.18 $\frac{1}{2}$	25.00
Fifth hands.....			.15	.18 $\frac{1}{2}$	25.00
Engineer beaters.....	.16 $\frac{1}{2}$	.18 $\frac{1}{2}$	.22 $\frac{1}{2}$	.28 $\frac{1}{2}$	68.76
Assistant beaters.....	.11 $\frac{1}{2}$	.12 $\frac{1}{2}$	.15	.18 $\frac{1}{2}$	66.66
Firemen.....		.14 $\frac{1}{2}$	.19	.26 $\frac{1}{2}$	93.97
Grinders and screens.....	.12 $\frac{1}{2}$	.12 $\frac{1}{2}$	.15	.20	60.00
Acid maker.....	.16 $\frac{1}{2}$	.16 $\frac{1}{2}$	.22 $\frac{1}{2}$	.28 $\frac{1}{2}$	68.76
Cookers.....	.16 $\frac{1}{2}$	.16 $\frac{1}{2}$	.25	.31 $\frac{1}{2}$	87.58
Finishers:	10 hours.	10 hours.			
Boss.....	.20	.20	.21	.31 $\frac{1}{2}$	56.25
Helpers.....	.15	.15	.15	.20 $\frac{1}{2}$	37.33
Wood room.....	.15	.15	.15	.20	33.33
Outside.....	.12 $\frac{1}{2}$	.12 $\frac{1}{2}$	.15	.18 $\frac{1}{2}$	50.00
Boss.....	.25	.27 $\frac{1}{2}$	.30	.37 $\frac{1}{2}$	50.00
Machinist.....	.22 $\frac{1}{2}$	.22 $\frac{1}{2}$	.25	.37 $\frac{1}{2}$	66.66
Carpenters.....	.20	.22 $\frac{1}{2}$	.22 $\frac{1}{2}$	.28 $\frac{1}{2}$	40.63
Steam engineers.....	12 hours.	12 hours.	12 hours.	12 hours.	50.24
Assistant engineers.....	.20 $\frac{1}{2}$	.18 $\frac{1}{2}$	.20 $\frac{1}{2}$	.20 $\frac{1}{2}$	11.23

Mr. UNDERWOOD. You referred to the Sherman antitrust law as being injurious to your business. How does that affect it?

Mr. COWLES. I say that it does not prevail in Canada, and that if the industry is wiped out in this country and transferred to Canada the Canadian manufacturers can make all the combinations to advance prices they please and compel the publishers in this country to pay whatever price they choose to ask, because the publisher will have no relief from American manufacture after American manufacture has once been terminated here.

Mr. UNDERWOOD. Do you think that if we had absolute free trade on wood pulp and paper between this country and Canada it would wipe out the International Paper Company?

Mr. COWLES. I think it would very seriously jeopardize its existence; yes, sir—that is, its property. It might go through a reorganization or liquidation and get fresh capital. It would wipe out a large amount of its investment. There is not any question about that.

Mr. UNDERWOOD. Wherein would it need fresh capital?

Mr. COWLES. Where would it need it?

Mr. UNDERWOOD. Yes.

Mr. COWLES. To build mills in Canada, if you please.

Mr. UNDERWOOD. But I am talking about the International Paper Company as run in America.

Mr. COWLES. I think that free pulp and paper would, in a comparatively short time, terminate the making of news paper in this country. That is what I think, sir. It would destroy the value of existing plants.

Mr. UNDERWOOD. I wanted your judgment on the matter. I asked you for your judgment.

Mr. GRIGGS. Are you not continually adding to your forest holdings?

Mr. COWLES. Yes, sir; as much as we can.

Mr. GRIGGS. Just as the sawmill men do—you buy all the land you can adjoining you?

Mr. COWLES. I think that is a wise proposition. It is our raw material, and if we are going to stay in the business we have got to have the raw material.

Mr. GRIGGS. Do you not pay for that out of the earnings of your company?

Mr. COWLES. Sometimes yes, and sometimes no.

Mr. GRIGGS. As a general proposition?

Mr. COWLES. We have not had enough earnings recently to enable us to pay for very much timber land out of them.

Mr. GRIGGS. That is simply last year; we all understand that.

Mr. COWLES. Yes; but I am speaking of a period extending over the last three or four years. If you go back five years, or go back ten years, the industry has not been a profitable industry.

Mr. GRIGGS. Did you not have good times in 1897, 1896, 1895, and 1894?

Mr. COWLES. Yes, sir. There have been short periods when we had a fairly satisfactory price; but almost invariably before that condition came about the paper industry had put its product under contract for a long term of months, and did not profit by it.

Mr. GRIGGS. I will put that question in another form: Do you not put a large part of your earnings into the purchase of additional land?

Mr. COWLES. Yes, sir; we do. I will not say necessarily into the purchase of land, either, but back again into our business; yes, sir.

Mr. GRIGGS. And you do not count that in your profits? What you put back into the business, you do not count in your profits at all?

Mr. COWLES. Oh, yes; we do. It shows as part of our profits; but what goes into increased real estate and plant simply increases our holdings.

Mr. GRIGGS. I understand that; and you only show us your dividends? You only make an exhibit of your dividends?

Mr. COWLES. Oh, no; we do not make any exhibit at all. We are not a public corporation. We are a close corporation. We do not make any public report.

Mr. GRIGGS. I understand that you make no public report; but I presume you are willing to reply to the questions of the committee, like the gentlemen who have preceded you?

Mr. COWLES. I know precisely at the end of each month what we make, and at the end of each six months, and at the end of each twelve months.

Mr. GRIGGS. If you put a large part of that back into land holdings—

Mr. COWLES. It shows on the balance sheet; yes, sir.

Mr. GRIGGS (continuing). Then, out of that part which is left, you determine what your dividends shall be, preserving the working capital?

Mr. COWLES. Why, certainly; we determine what dividends we shall pay, of course.

Mr. GRIGGS. You are worth that much more every year, then, are you not?

Mr. COWLES. Certainly. That is what you call saving money.

Mr. GRIGGS. Then you have made that much more?

Mr. COWLES. You have made that much money; yes. If you have reinvested it in the business you have got it at risk in your business. You have not taken it out and put it into something else where it is not in jeopardy, but it has gone back again into your business and is at that risk.

Mr. CLARK. When they talk about dividends here, they do not count the enhanced value of the property in with the dividends?

Mr. COWLES. I do not hear you, Mr. Clark.

Mr. CLARK. I say, when Mr. Hastings and the rest of them talk about dividends they do not count this enhanced value of the property in with the dividends; so that that answer is misleading. For instance, it is said that they only declared a 5 per cent dividend.

Mr. COWLES. When I say 5 per cent I mean net earnings. I do not mean a 5 per cent dividend.

Mr. CLARK. When you talk about 5 per cent net earnings, do you count in this increased value of your property and your increased holdings?

Mr. COWLES. Yes, sir. If I have \$7,000,000 in my properties and I make \$350,000 gross profit, and net profit, too, if you please, I have earned 5 per cent on my \$7,000,000.

Mr. CLARK. Yes.

Mr. COWLES. I might distribute half of that as dividends and leave the rest in the business; but my earning on my invested capital would be simply 5 per cent.

Mr. GRIGGS. How long have you been in the paper business, Mr. Cowles?

Mr. COWLES. I have been in the paper business for sixteen or seventeen years.

Mr. GRIGGS. Did you have much money when you went into it?

Mr. COWLES. I had more money than I have now.

Mr. GRIGGS. Did you lose it in the paper business?

Mr. COWLES. I lost a good deal of it; yes—all that I lost, I did.

Mr. GRIGGS. You state that as a fact, to go in the record?

Mr. COWLES. Well, perhaps that is a little extreme. The first two or three years that I was in the paper business I think it cost me about \$250,000 or \$300,000.

Mr. GRIGGS. You are worth more now, though, than you were when you started?

Mr. COWLES. Yes; I am.

Mr. GRIGGS. I am glad to hear that.

Mr. COWLES. Thank you.

Mr. CLARK. You are worth several million dollars more, are you not?

Mr. COWLES. Well, I do not think that has any bearing on the question of the tariff.

Mr. CLARK. Well, it does have a bearing on the question of profits, and what this committee is really trying to do is to get at the facts. I would not do you an injustice a bit quicker than the chairman of this committee would.

Mr. COWLES. Mr. Clark, it is a very curious thing, but both before the investigating committee and before this committee there has been a wonderful curiosity as to how much the paper-making industry earns. I have never heard the question asked as to how much the newspapers earn, and I can tell you that for every dollar that the paper-making industry earns the newspapers earn \$1,000.

Mr. CLARK. If I were investigating the newspapers on the tariff question, if there was any tariff that affected them, I would go after them as I go after you, or as I tried to go after Mr. Hastings. I will tell you how we get to believe that there are enormous profits made in the paper business. If you print a thing often enough, people get to believe it, and one of two things is absolutely true. Either you have made enormous profits or all of these newspaper men in the United States that have been yelling around on this subject are either a lot of imbeciles or a lot of liars—one of the two.

Mr. COWLES. I would not call them either thing myself [laughter]; but I would say this: The whole movement, from the time it started up to the present time, is nothing but a persistent, concerted, deliberate bear movement on the paper market. It is to put down the price of news-print paper, and for no other purpose.

Mr. CLARK. I was simply telling you how people get the idea that there are these enormous profits.

Mr. COWLES. If the paper trade got together in a combination as the newspapers have, and undertook to put up the price of news

paper, you would hear a howl; but they can get together to ruin our properties and drive our laboring people out of employment, and they can make our villages of no utility or use, and all that sort of thing.

Mr. GRIGGS. We were not appointed to investigate that, and do not want you to get that idea. We were appointed to investigate the tariff.

Mr. COWLES. Yes, sir.

Mr. GRIGGS. And you voluntarily came before us as a witness to offer some information that you thought we did not have. You understand that, do you not?

Mr. COWLES. Yes.

Mr. GRIGGS. And when we inquire for that information you ought not to get excited.

Mr. COWLES. I am not excited at all. [Laughter.]

Mr. GRIGGS. We are simply making straightforward, honest inquiries.

Mr. COWLES. Yes.

Mr. GRIGGS. If they may seem to strike too deep, of course we are sorry; but we have to know the facts, if we can get them. You are the only gentleman here to-night, at least since I came in, out of whom we have been able to extract any sort of information. I want to give you that much of a compliment. [Laughter.]

The CHAIRMAN. Of course newspapers are absolutely protected. There is a wall around the United States, and you can not get any foreign papers in. It does not require any tariff to protect them.

Mr. COWLES. Let me say something to you, Mr. Payne, and perhaps it will clear up that question in a way. Paper making was an industry in the United States long before paper making was ever thought of in Canada. There has never been a time to my knowledge when there has not been sufficient news paper produced in the United States to supply the entire consumption of the newspapers, excepting, perhaps, a little temporary, short, period when there might be a drought or some strange and unusual condition—a Spanish war or a Boer war, or something of that kind—and a temporary scarcity. The same thing might occur in any market—the wheat market, the sugar market, the cotton market, or any other market. There has never been a time when the productive capacity of news paper in the United States was not ample to supply all of the newspapers. Now, why do not the newspapers buy Canadian paper. To-day only a comparatively small amount of the product that is made in Canada is consumed there, and the balance is exported. They do not buy Canadian paper for the simple reason that they can buy American paper cheaper. There is no other reason.

Mr. CLARK. But they have to pay that \$6 tariff to get it in here.

Mr. COWLES. No; they can buy it cheaper as it stands to-day.

Mr. GRIGGS. Follow up that idea for a word or two, please.

Mr. COWLES. They can get their paper to-day cheaper in America than they can import the Canadian paper.

Mr. GRIGGS. Why do you need a tariff?

Mr. COWLES. I beg your pardon?

Mr. GRIGGS. Why do you need the duty?

Mr. COWLES. Because we do not want the Canadian paper to come in and demoralize our market. It is not a question, simply, of the

duty. Anybody who is familiar with markets knows perfectly well that a small surplus of 10 or 15 per cent will knock the remaining 90 per cent or 85 per cent into a cocked hat. If the duty was off of the Canadian paper and the Canadian paper was brought into this country, Mr. Norris would get his quotation from a Canadian mill, and he would play that against the American mill. He would get a quotation from the American mill and would go back to the Canadian mill and would play the one against the other; and he would get it down to a point where both of them would be too sick to go any further, and then he would make his contract. That is the way those things work. It is not a question altogether of the amount of duty.

Mr. RANDELL. That would be competition.

Mr. COWLES. Yes; destructive competition.

Mr. CLARK. I want to ask you one more question. I do not know how much you have studied about it; but you know they have to raise so much money out of the tariff in order to run the Government. Do you think, in the light of what you have heard and read, that the paper industry pays its fair proportion of the revenues of the Government with this \$6 tariff on it?

Mr. COWLES. I will answer that in this way: I think they do, because I do not see any reason, when an industry has grown up in a country and is adequate to supply the market with the material required, why it should be sacrificed to let a foreign product in for the purpose of creating an artificial revenue which does not naturally and properly belong to the Government; but if that is going to be done, why not let the newspapers pay their share? There is a grand, good opportunity for them to contribute to the prosperity of the Government. They do not pay any duty on anything. Let them go and buy some Canadian paper and bring it in.

Mr. CLARK. The trouble about that is exactly what the chairman suggested. There is no man on earth that has got sense enough to get a tariff out of newspapers, because there are no newspapers imported. We get revenue out of the tariff system on what comes in and not on what is shut out.

Mr. COWLES. But we do pay considerable duty.

Mr. CLARK. Oh, I know you do.

Mr. COWLES. I mean we buy and use articles which enter into the cost of manufacture and that are a part of the manufacture, and we pay duties to the Government.

Mr. GRIGGS. But you tax that against the ultimate consumer.

Mr. COWLES. Sometimes, no. Sometimes the consumers get their paper for less than it costs us to make it.

Mr. GRIGGS. But you try to.

Mr. COWLES. We try to; yes.

The CHAIRMAN. Are there any other gentlemen to be heard?

Mr. HASTINGS. Mr. Chairman, may I suggest that we have one or two of the men who manufacture sulphite, which is a component part of the news paper? None of them have been heard.

The CHAIRMAN. Very well.

Mr. HASTINGS. Then I would like to have Mr. Weber address you, and also Mr. Steele.

STATEMENT OF MR. O. L. E. WEBER.

Mr. WEBER. Mr. Chairman and gentlemen, we occupy the peculiar position, or I do, of representing here the small mill that manufactures a high grade of Mitscherlich sulphite (so-called after the name of the inventor of the process), but that has little to do with the entire process as a whole. Our production is comparatively small, manufactured in the United States. In view of the striking statement that has been made by Mr. Norris, that the European pulp can be made so advantageously and cheaply, and that our mills are not modern, and that we should look to them for relief, I would suggest that if Mr. Norris has any information which he can give to the sulphite manufacturers of this country tending to cheapen production, by means of their processes, I think he would be doing a great service to us.

Now, Mr. Chairman, in the brief that we have here, I say:

We, the Michigan Sulphite Fiber Company, together with the Great Northern Paper Company, Madison, Me.; the Dexter Sulphite Pulp and Paper Company, Dexter, N. Y.; the Interlake Pulp and Paper Company, Interlake, Wis.; the Detroit Sulphite Pulp and Paper Company, Detroit, Mich.; the Fletcher Paper Company, Alpena, Mich., from the years 1884 to 1889 built 6 mills for the production of sulphite by the Mitscherlich process.

To-day only 2 of these mills are making pulp for the market, the others having gone into the manufacture of paper, owing to foreign competition under the present duties.

To produce the high grades made by these mills requires additional labor for strength of stock by reason of the process employed, still more labor to obtain uniformity, and almost double the labor cost of ordinary grades for cleanliness, so that the total labor cost in making the high-grade sulphites amounts to at least \$11 per ton, which the European obtains at from 35 per cent to 50 per cent of this figure (see reference sheet No. 1), which gives him an advantage of from \$5.50 to \$7.25 per ton above the American manufacturers in labor cost alone.

The best argument that it is impossible to manufacture these high-grade sulphites on this side is that practically none of it is being made here, while the Europeans have built nineteen new mills in the years 1907 and 1908, on which we have reports (see reference sheet No. 2), aggregating a yearly increase in production of 244,000 tons, to say nothing of the present mills which have largely increased their capacities.

According to European authorities, such as Mr. Dorenfeldt, this rate of increase is likely to continue for some years to come, or until the American market has been absorbed. (See reference sheet No. 3.)

This is shown by the fact that the imports of unbleached sulphite from Europe alone during the year 1906 were 12,922 tons and during 1907 were 50,962 tons, or an increase of nearly 400 per cent.

In 1908, notwithstanding the fact that the consumers of sulphite, or the paper mills of this country, were shut down, due to lack of business, to about 45 per cent of their production, and American and Canadian sulphite mills were idle even a greater proportion of time,

the imports of European sulphites showed no decrease, as is evidenced by the importation of about 28,000 tons of unbleached sulphite for the first seven months of this year at prices which American sulphite mills were unable to compete with, although many of them went down to costs in their desperate efforts to secure business without avail. In evidence of this we beg to submit letters and prices under reference sheet No. 4, in which you will note that sulphite is being offered for present delivery and 1909 delivery at from \$1.80 to \$2.08 per 100 pounds exdock New York for the strongest grades, which is lower than we can possibly manufacture for.

We are not alone in our opinion of the seriousness of European competition. Mr. H. H. Everard, an expert in the manufacture of sulphite who has recently made a trip to Europe expressly to investigate conditions on the Continent, in a letter dated November 14, 1908 (see reference sheet No. 6), states in part:

I was very much surprised to find the very best apparatus, all of the modern improvements, and latest inventions quite generally in use. I was informed also that not less than \$20,000,000 in capital had been invested during the years of 1906 and 1907 in the building and equipping of new sulphite mills in Norway, Sweden, and Finland. This capital is furnished very largely by English companies. The Germans are making very large investments also in Finland.

It is impossible for the mills of this country to compete with the foreign mills in the production of the higher qualities of sulphite with our present wage scale. Unless there is a liberal increase in the present tariff we will be forced to abandon all efforts to produce the high-grade, strong sulphite. I am confident that an increase of one-sixth cent per pound duty on the European sulphite will not deter the Scandinavian product reaching our market at the present delivered prices.

Mr. James E. Campbell, secretary and treasurer of the Dexter Sulphite Pulp and Paper Company, in a letter under date of November 16, 1908, states:

As far as our company is concerned, I wish to say that the costs not only of labor, but also of raw materials, have advanced to such an extent that we are powerless to meet the foreign competition on sulphite. For instance, two paper mills at Brownville, within 3 miles of our mill, and one paper mill at Watertown, within 7 miles of our mill, have not bought any of our sulphite for eighteen months. These two accounts used to average about \$8,000 per month. We have done everything in our power to get these paper mills back on our sulphite, and they are perfectly willing to use our product in the same quantities that they have always used it, provided we will meet the price on the foreign sulphite. These mills that I speak of are buying their Mitscherlich sulphite from Germany and Norway, and we wish you to fully appreciate that fact—that the prices which they have had and are having their sulphite delivered at these points are below our cost at the mill. (See letter in full under reference sheet No. 7.)

It is our belief that the mills of this country are entitled to a sufficient protection against European labor to enable them to make a reasonable profit, and while we are justly entitled to and had intended to ask for an increase in duty on the higher grades of sulphite, we find practical difficulties in differentiating grades at this time, and would, therefore, urgently request that no changes be made in the direction of lowering duties. We have endeavored to bring out only the principal reasons why American mills are unable to compete on high-grade sulphites under the present tariff. We shall be very glad to forward such additional information as we may have in our possession on any other phase of this subject as you may require.

All of which is respectfully submitted by

THE MICHIGAN SULPHITE FIBER COMPANY.

REFERENCE SHEET NO. 1.

Name.	Present position.	Wages per week.	European position.	Wages per week.	Per cent of American wages.
Albert Engler.....	Machinist.....	\$16.50	Machinist.....	\$7.50	45
Ohas. Helwig.....	Machine tender.....	14.40	Machine tender.....	7.50	52
Frank Kabolnick.....	Cook.....	16.80	Cook.....	5.04	30
Otto Richert.....	Reel tender.....	11.40	Beater man.....	2.32	22
Jake Glombowski.....	Bin trimmer.....	9.60	do.....	2.32	26
Jos. Glombowski.....	Cook's helper.....	10.60	Rag cutter.....	2.60	26
Marin Zellan.....	Barker.....	9.60	Straw cooker.....	3.60	38
M. Minkowski.....	Screen tender.....	11.40	Watchman.....	3.00	26
John Feldler.....	Cook's helper.....	10.80	Bleach man.....	2.70	25
Albert Sieg.....	Laborer.....	9.00	Laborer.....	3.78	42
Michael Karn.....	Digester man.....	12.00	Fireman.....	5.04	42
John Ordowski.....	Laborer.....	9.00	Laborer.....	3.75	42
		141.10		49.55	35

The wages per week have all been figured on the same number of hours per week. In some instances the wages for Europe have increased somewhat, these men inform us.

REFERENCE SHEET NO. 2.

Partial list of European sulphite mills building and built in years 1907-8.

RECAPITULATION.

[See details following pages.]

	Tons.
1908.....	140,000
1909.....	44,000
13 new mills, at 10,000 tons each.....	130,000
2 increases, at 3,000 tons each.....	6,000
	420,000
Average per year rate of increase.....	140,000
Increase per year for 1907 and 1908.....	244,000

Name of mill.	Location.	Tonnage per year.	Year.
Sulphite mill.....	Svartvik.....	(*)	1907
Borga Sulphite Mill.....	Finland.....	(*)	1907
Klasakoski Sulphate Pulp Mill.....	Klasakoski.....	(*)	1907
Abo Sulphate Mill.....	Finland.....	(*)	1907
Logo Sulphite Mill.....	Logo.....	(*)	1907
Hurtin Sulphate Mill.....	Sweden.....	(*)	1907
Saiboda Mill.....	do.....	(*)	1907
Molmbacka-Trysit.....	do.....	(*)	1907
Waldhof Sulphite Pulp Mill.....	Waldhof.....	(*)	1907
Gutzerts Sulphate Pulp Mill.....	Gutzerts.....	(*)	1907
Aktieselskabet Greker Celluosa-fabrik.....	Greker Sta. on the Glommen.	*18,000	1908
Wistavaris Aktiebolag.....		20,000	1908
Kellner-Partington Mill.....	Borregard.....	20,000	1908
Aktieselskabet Kotka Celluosa-fabrik.....	Kotka.....	20,000	1908
Sanda Sagverka Aktiebolag.....	Dal.....	10,000	1908
Kemistravara Aktiebolag.....	Kemi.....	13,000	1908
Tofte Sulphite Pulp Mill (Incorporated).....	Tofte.....	8,000	1908
Tofte Sulphite Mill (Incorporated).....	Tofte.....	15,000	1908
Capt. Feibenannan Mill.....	Lahtas.....	(*)	1908
Skonvik Aktiebolag.....	Sweden.....	(*)	1908
Svano Aktiebolag.....	Svano.....	18,000	1908
Halla Sulphate Pulp Mill.....	Halla.....	(*)	1908
		140,000	
Sulphite mill.....	Gulskogen, Norway.....	12,000	1909
Sunda Aktiebolag.....		12,000	1909
Consulweise's Mill.....	Fredrikstad.....	20,000	1909
Sulphite Mill Aktieselskabet.....	Kramfors.....	(*)	1909
Molvens Celluosa-fabrik.....	Lake Mjosen.....	(*)	1909
Aktiebolaget Pulp Mill.....	Willmonstrand.....	(*)	1909
		44,000	

* New mills.

* Increased.

Eight new mills and 2 increases in 1907; 2 new mills and 1 increase in 1908.

Name of mill.	Location.	Reference.
Sulphite mill.	Svartvik.	Paper Mill, October 31, 1908 (p. 12), by M. Villiers, British consul's annual report for 1907.
Borga Sulphite Mill.	Finland.	British Paper Maker, July 1, 1907 (p. 29).
Kissakoski Sulphate Pulp mill.	Kissakoski.	British Paper Maker, September, 1907 (p. 308).
Abo Sulphate Mill.	Finland.	British Paper Maker, July, 1907 (p. 29).
Logo Sulphite Mill.	Logo.	British Paper Maker, September, 1907 (p. 308).
Hurlin Sulphate Mill.	Sweden.	British Paper Maker, July, 1907 (p. 27).
Salboda Mill.	do.	British Paper Maker, July, 1907 (p. 19).
Molmbacka-Trysit.	do.	Do.
Waldhof Sulphite Pulp Mill.	Waldhof.	British Paper Maker, November, 1907 (p. 608).
Gutzels Sulphite Pulp Mill.	Gutzels.	British Paper Maker, October, 1907 (p. 453).
Aktieselskabet Greaker Oel-luosa-fabrik.	Greaker Sta. on the Glommen.	British Paper Maker, July, 1908 (p. 5).
Wifstavarfs Aktiebolag.		Paper Mill, October 31, 1908 (p. 12), by M. Villiers.
Kellner-Partington Mill.	Borregaard.	British Paper Maker, October, 1907, (p. 443).
Aktieselskabet Kotka Cel-luosa-fabrik.	Kotka.	Do.
Sanda Sagverka Aktiebolag.	Dal.	British Paper Maker, November, 1907 (p. 599).
Kemitravorn Aktiebolag.	Kemi.	British Paper Maker, September, 1907 (p. 303).
Toten Sulphite Pulp Mill.		British Paper Maker, October, 1907 (p. 443).
Tofte Sulphite Mill.	Tofte.	British Paper Maker, November, 1907 (p. 606).
Oapt. Feibennan Mill.	Lahtes.	Do.
Skonvik Aktiebolag.		Paper Mill, October 31, 1908, (p. —).
Svano Aktiebolag.	Svano.	British Paper Maker, June, 1908 (p. 772).
Halla Sulphate Pulp Mill.	Halla.	British Paper Maker, October, 1907 (p. 451).
Sulphite mill.	Gulskogen, Nor-way.	British Paper Maker, July, 1908 (p. 5).
Sunds Aktiebolag.		Paper Mill, October 31, 1908 (p. 12), M. Villiers.
Consulweise's Mill.	Fredrikstad.	British Paper Maker, October, 1907 (p. 443).
Aktieselskabet Moivens Cel-luosa-fabrik.	Lake Mjosen.	Do.
Aktiebolaget Pulp Mill.	Willmonstand.	British Paper Maker, November, 1907 (p. 605).
Sulphite mill.	Kramfors.	British Paper Maker, June, 1908 (p. 779).

REFERENCE SHEET NO. 3.

Mr. Dorenfeldt, who probably knows more about the sulphite trade in Europe than any other man, read the other day before the Norwegian Polytechnic Association a paper on the pyrite market and a proposed extraction works in Norway.

In this paper he used as one of his arguments the following statement, which we quote verbatim from his manuscript:

"The aggregate annual production of sulphite cellulose in Europe will from the end of this year or the beginning of next year be about 1,600,000 tons, of which about 950,000 tons falls to the part of Scandinavia and the Russian and German Baltic provinces. There has lately been a very rapid increase in the output of sulphite cellulose in all the countries which border on the Baltic, and this development will probably continue in the coming years for in those countries where the rivers flow to the Baltic there is a better supply of the raw material for making cellulose, the white pine (*Picea excelsa*), than in the rest of Europe. In any case there is, because of the sparsity of the population, a far greater surplus for sale, and because the cellulose industry allows of the most efficient utilization of small and medium sized logs, the building of new and the extension of old sulphite mills in the countries round the Baltic will most probably proceed in the future even more rapidly than in the past.

"The Norway and the Baltic countries: Sweden, Finland, Russia, and Germany so far as Stettin, will continue the same increase of the production as in the last three to four years, say, an average of 100,000 tons cellulose annually, I feel therefore tolerably convinced."

We have (says "Farmand") asked Mr. Dorenfeldt if he could vouch for these figures, which surprised us by their magnitude, as will probably also be the case with many of our readers. He assured us that he was convinced that the total production was not far from the figures he had given, which were based on reliable sources of information.—The Paper Maker, November 1, 1907 (p. 608).

The Aktien-Gesellschaft für Maschinenpapierfabrikation Aschaffenburg is also doing a splendid business in both sulphite pulp and paper. The big sulphite pulp mill at Tilsit has declared a dividend of 20 per cent.—The Paper Maker, November 1, 1907 (p. 608).

The official statement of the Association of German Cell Stuff Manufacturers, addressed to the Berlin Journal mentioned, refers to the fact that Germany produces a good deal more cell stuff than the country consumes, and is therefore obliged to seek foreign outlets even (to some extent), at low prices. This necessity is accentuated by the imports of foreign cell stuff, which supply part of the home demand.—The Paper Maker, August 29, 1908 (p. 22).

By Hans Lagerlof:

"It is estimated that the production in Sweden, Norway, and Finland during 1907 will be, for sulphite, 540,000 tons, and for sulphate, 100,000 tons. The increase in the output of sulphite will be 180,000 tons, and for sulphate decidedly more, in comparison, being 45,000 tons, or 45 per cent.—The Paper Maker, February 1, 1908 (p. 213).

REFERENCE SHEET No. 4.

LONDON, E. C., October 10, 1908.

DEAR SIR: It being arranged with the head office in Hamburg that all business in wood pulp to the United States of America has to be made from here, the Hamburg office has instructed me to make you an offer, and I hereby beg to offer you, subject unsold and subject confirmation on receipt of order, as follows:

1. Bleached sulphite pulp:
 - 600 tons No. 735, first quality, delivery January–December, 1909, at \$49.02.
 - 600 tons No. 737, first quality, delivery January–December, 1909, at \$53.63.
2. Easy bleaching sulphite pulp:
 - 150 tons No. 590, first quality, delivery October–December, 1908, at \$36.90.
 - 600 tons No. 590, first quality, delivery January–December, 1909, at \$36.90.
 - 300 tons No. 706, first quality, delivery October–December, 1908, at \$35.07.
 - 1,200 tons No. 706, first quality, delivery January–December, 1909, at \$35.07.
 - 300 tons No. 610, first quality, delivery October–December, 1908, at \$35.94.
 - 1,600 tons No. 610, first quality, delivery May–December, 1909, at \$35.94.
 - 800 tons No. 577, first quality, delivery May–December, 1909, at \$36.58.
 - 800 tons No. 5300, second quality, delivery May–December, 1909, at \$35.63.
 - 1,200 tons No. 544, second quality, delivery May–December, 1909, at \$33.68.
 - 150 tons No. 544, second quality, delivery October–December, 1908, at \$33.68.
2. Strong sulphite pulp:
 - 400 tons No. 623, first quality, delivery October–December, 1908, at \$32.40.
 - 800 tons No. 623, first quality, delivery May–December, 1909, at \$32.40.
 - 400 tons No. 576, first quality, delivery October–December, 1908, at \$32.40.
 - 1,200 tons No. 576, first quality, delivery May–December, 1909, at \$32.40.
 - 300 tons No. 598, first quality, delivery October–December, 1908, at \$31.86.
 - 2,000 tons No. 508, first quality, delivery May–December, 1909, at \$31.86.
 - 600 tons No. 5088, semifirst quality, delivery October–December, 1908, at \$30.63.
 - 120 tons No. 5289, second quality, delivery October–December, 1908, at \$30.89.
 - 300 tons No. 5289, second quality, delivery May–December, 1909, at \$30.89.
 - 400 tons No. 599, second quality, delivery October–December, 1908, at \$30.57.
 - 1,200 tons No. 599, second quality, delivery May–December, 1909, at \$30.57.
 - 150 tons No. 541, second quality, delivery October–December, 1908, at \$30.57.
 - 800 tons No. 541, second quality, delivery May–December, 1909, at \$30.57.
 - 550 tons No. 601, second irregular quality, delivery October–December, 1908, at \$29.50.
 - 800 tons No. 601, second irregular quality, delivery May–December, 1909, at \$29.50.
3. Knot pulp:
 - 500 tons No. 602, irregular quality, delivery October–December, 1908, at \$21.46.
 - 600 tons No. 602, irregular quality, delivery May–December, 1909, at \$21.46.
4. Soda pulp:
 - 500 tons No. 638, first strong quality, delivery October–December, 1908, at \$30.04.
 - 1,200 tons No. 638, first strong quality, delivery January–December, 1909, at \$30.04.
 - 400 tons No. 638, first strong quality, delivery October–December, 1908, at \$32.61.

4. Soda pulp—Continued.

2,400 tons No. 615, first strong quality, delivery January–December, 1900, at \$32.61.

400 tons No. 616, first extra strong quality, delivery October–December, 1903, at \$33.68.

2,400 tons No. 616, first extra strong quality, delivery January–December, 1909, at \$33.68.

400 tons No. 614, "Kraft" strong quality, delivery October–December, 1903, at \$32.61.

2,400 tons No. 614, "Kraft" strong quality, delivery January–December, 1909, at \$32.61.

all per ton of 2,000 pounds gross for net, cost of freight New York, Boston, Philadelphia, Newport News, and (or) Baltimore. Payment in London against B/Lgd. by bankers three months' acceptance, and such payment to be confirmed by the banker on placing contract.

The named prices include no wrapping in hessian, such wrapping being 61 cents per ton more.

I am at the same time sending you each one sample, and I do hope that some of these qualities might suit you and that you are willing to place a contract with me. If you should like to have bigger samples, please let me know of which qualities, and I shall send some by first mail.

Please note that if you want delivery of the following qualities, Nos. 610, 577, 5300, 544, 623, 576, 598, 5088, 5289, 599, 541, 601, and 602 before May, 1909, I must have your order latest end of this month, as the navigation because of ice closes first part of November.

Hoping to be favored with your good news, I remain, dear sirs, yours, faithfully,

ELOF HANSSON.

NOTE.—The dollar price given for short tons of 2,000 pounds instead of long tons of 2,240 pounds given in pounds sterling.

REFERENCE SHEET No. 6.

MUNISING PAPER COMPANY (LIMITED).

Kalamazoo, Mich., November 14, 1908.

Mr. O. L. E. WEBER, General Manager.

Michigan Sulphite Fiber Company, Port Huron, Mich.

MY DEAR SIR: Regarding the foreign costs of labor and materials entering into the manufacture of sulphite, I spent most of my vacation during the summer of 1907 among the sulphite mills of Norway and Sweden. As I am quite largely interested in the production of similar goods in this country, I was especially desirous of personally inspecting their methods and ascertaining, if possible, how they are able to sell the higher grades of sulphite in this market at such low prices. I was thoroughly convinced before leaving Sweden that unless there was an increase in our tariff, giving the labor on this side a greater protection, it would be folly to make any further increases in the capacity of our mills, and it would be good wisdom for any man interested in the business on this side to refrain from making further investment, as capital can not be used at a profit in this industry in competition with the lower wages paid in Norway, Sweden, and Finland.

The wages paid to the men in the woods for gathering this spruce will not exceed 50 per cent of the wages paid by Maine, New York, Michigan, Minnesota, or Canadian manufacturers. This would be a fair representation of the cost of all other labor that enters into the manufacture of sulphite in the above-named countries. With this low wage scale, they can well afford to employ a greater number of people in their mills for the purpose of sorting their wood and working out all defects, such as the black knots, small particles of the inner bark, discolored or decayed wood. Following the careful sorting and selecting of the chips, the amount of work used in their process tends to produce a very clean, high-grade, strong sulphite, at a cost not exceeding the most inferior qualities turned out in this country.

I was much surprised to find the very best apparatus, all of the modern improvements and latest inventions, quite generally in use. I was informed also that not less than \$20,000,000 in capital had been invested during the years of 1906 and 1907 in the building and equipping of new sulphite mills in Norway, Sweden, and Finland. This capital is furnished very largely by English companies. The Germans are making very large investments also in Finland.

It is impossible for the mills of this country to compete with the foreign mills in the production of the higher qualities of sulphite with our present wage scale. Unless there is a liberal increase in the present tariff we will be forced to abandon all efforts to produce the high-grade strong sulphite. I am confident that an increase of one-sixth cent per pound duty on the European sulphite will not deter the Scandinavian product reaching our market at the present delivered prices.

I hope that the committee who may have charge of this branch of the tariff work will make a thorough investigation of the conditions abroad. I am very sure that they will recommend a large increase in the present tariff on the higher grades of sulphite.

Yours, very truly,

H. H. EVERARD.

REFERENCE SHEET No. 7.

DEXTER SULPHITE PULP AND PAPER COMPANY.
Dexter, Jefferson County, N. Y., November 16, 1908.

O. L. E. WEBER, Esq.,

Michigan Sulphite Fiber Co., Port Huron, Mich.

MY DEAR MR. WEBER: Your letter of the 14th at hand and carefully noted.

A most important foreign channel for mill information has just opened to me, and taking advantage of my opportunity I have written a letter to my communicant, who is at present in a position as manager of one of the large German mills. I have written him for a detailed list of the wages paid to all the operatives, not only in the mill he is at present managing but also other mills of which he has had charge. It is unfortunate that this information will not be at hand for the 20th, and if possible could you arrange with the committee so that this evidence can be put in when it arrives?

As far as our company is concerned, I wish to say that the cost not only of labor but also of raw materials has advanced to such an extent that we are powerless to meet the foreign competition on sulphite. For instance: Two paper mills at Brownville, within 3 miles of our mill, and one paper mill at Watertown, within 7 miles of our mill, have not bought any of our sulphite for eighteen months. These two accounts used to average about \$8,000 per month. We have done everything in our power to get these paper mills back to our sulphite, and they are perfectly willing to use our product in the same quantities that they have always used it providing we will meet the price on the foreign sulphite. These mills that I speak of are buying their Mitscherlich sulphite from Germany and Norway, and we wish you to fully appreciate the fact that the prices which they have had and are having their sulphite delivered at these points are below our cost at the mill.

This situation obtains with practically all of our other customers.

Our daily average production at our sulphite mill for the years 1901 to 1906, inclusive, amounted to about 9,100 tons per year. In 1907 this dropped to 6,516, and in 1908, for the ten months expired, about 5,000 tons production.

This gives you some idea of what we have suffered as far as production goes. In other words, during the years 1901 to 1906 our daily production amounted to 34 tons. It has been reduced in 1908 to 20 tons.

Considering the item of pay roll, our pay roll per ton of product produced in the years 1901 to 1906, inclusive, was \$5.366. In 1907 our pay roll was \$7.1888; in 1908, \$7.28.

Cost of wood.

1901 to 1906, per ton of pulp-----	\$13.28
1907 -----	18.742
1908 -----	23.91

Answering your first question: The only knowledge I have in regard to the building of additional sulphite mills in Europe is what hearsay evidence I obtain.

Answering your second question: If this increased product is produced, the foreign paper market never will be able to absorb it, which means that they will continue dumping sulphite in this country at prices which will practically shut up our mills.

Answering your third question: We do not believe that the depressed business condition has had much influence on the decline in our sale of sulphite. In other words, we believe that the present ruinous condition of prices in the sulphite market is due entirely to foreign importation.

Answering your fourth question: I received but a short while ago an offering of foreign sulphite continuing over the year 1909 at a very low price. At the present time I am not sure of the exact figures, as I sent the letter with the samples to Mr. Barratt, of the Union Bag and Paper Company, for his perusal.

Answering your fifth question: I do not know what other mills in the country can do, but I do not know that our mill can not run at a profit and meet the present foreign competition.

Have already answered questions 6 and 7.

Question 8. I do not know.

Answering question 9. I certainly should differentiate between importations of quick cook and Mitscherlich sulphites. The prevailing differential in this country between these two grades of sulphite has always been about 15 per cent, and I think that the duty should be differentiated on the same basis.

You may use this letter as you see fit, either for evidence or not, and I should be very glad indeed if I could encroach upon your courtesy sufficiently to ask you to represent our mill.

I would also suggest that you have Mr. Everard at the hearing without fail, as his trip to Europe a short while since places him in position to throw considerable light on the subject.

With very kind regards, and trusting that I may hear from you, I beg to remain,

Yours, very truly,

JAMES E. CAMPBELL.

Mr. J. E. CAMPBELL.

Dexter Sulphite Pulp and Paper Company, Dexter, N. Y.

DEAR SIR: At the recent meeting of the American Pulp and Paper Association I stated that it was the intention of our company (The Michigan Sulphite Fiber Company) to ask for an increase in duty on European high-grade sulphites, for the reason that the paper mill formerly using considerable quantities of our best grades have offers for immediate shipments or on contracts covering the year 1909 for all their requirements, at prices we could not meet at any reasonable profit, quick cook or direct—indirect being represented as Mitscherlich, when in fact we are advised there are but mighty few Mitscherlich mills in Europe, and few of these exporting to this country.

Our costs for wood, sulphur, coal, and labor have increased during the past ten years about three times as much as the increase in our selling price, and as we can figure out no way to decrease these it is our opinion that the paper mills or the trade using the paper into which our sulphite enters will find it no great hardship to pay the increase which a change of duty will bring about, i. e., one-sixth to one-third of a cent per pound (\$3.33 to \$6.66 per ton) on unbleached, and from one-fourth to five-twelfths of a cent per pound (\$5 to \$8.35 per ton) on unbleached sulphite of the higher grades.

Inasmuch as I have been asked to appear at Washington on Friday, the 20th, may I ask you to write me at the earliest date possible, addressed to Fort Huron, Mich., what your views on the subject are, and if in accordance with ours, may I ask you to give us all the information you can, and especially on the following questions, giving references to authorities:

First. What knowledge have you on the building of additional sulphite mills in Europe, the product of which is intended for this market?

Second. What, in your opinion, will be the effect on mills in this country if this product is imported under the present duties?

Third. Have the European importations affected your sales, or do you attribute the present low prices entirely to the business depression?

Fourth. Do you know that European sulphite has been offered in sufficient quantities on future long-time contracts to seriously affect your prices? (Give particulars if possible.)

Fifth. Can mills in this country run on a reasonable profit if obliged to meet this competition?

Sixth. What do you know as to the wages received by employees in European mills by day, or week, and preferably by the ton of sulphite produced?

Seventh. Have you any information as to the cost of wood per cord, or ton of manufactured product?

Eighth. Do you know of any cases where pulp has been shipped to this country as ballast, or on a nominal ocean freight?

Ninth. Would you differentiate between quick-cook, direct-indirect, and Mitscherlich sulphites; and if so, how? Or, on account of practical diffi-

culties and as a manufacturer of Mitscherlich pulp, would you have sulphite declared as above on importing, and ask for the increase in duty on Mitscherlich only for the moral effect?

Kindly give facts and figures as fully as possible and any other information you conveniently can, so that I may have your letter by Tuesday, as data should be prepared Wednesday, following with any further suggestions you might have to make.

Would like to use your letter as evidence if necessary, but will not do so if you do not wish it, using data only for our information.

You understand that I do not presume to represent any of the Mitscherlich mills but our own, although shall be very glad to follow such suggestions as you may have to offer.

As Mr. Everard is pretty well posted on the European situation, I am in hopes he will consent to go to Washington in my place.

Yours, very truly,

MICHIGAN SULPHITE FIBRE CO.
O. L. E. WEBER, Manager.

November 14, 1908.

(Reference Sheet No. 7 is in reply to this letter.)

REFERENCE SHEET No. 8.

EUROPEAN LABOR.

Statements by employees of the Michigan Sulphite Fibre Company.

I, Charles Helwig, have worked in a paper mill at Danzig, Germany, where I was a machine tender. The machine I ran was about 66 inches in width and ran about 200 feet per minute. I had an oller or back tender and two reel tenders, same as I have here. In this mill there were two men in the beater room tending nine beaters, and on the whole I think that the amount of help around the mill was about the same as here.

CHAS. HELWIG.

I, Michael Kern, was a fireman in the City Electric Power Plant in Vienna, Austria, where I tended one large boiler with four furnaces. The boiler was about the same size as the No. 5 boiler in this mill, which has four furnaces and is tended by one man. The work over there was about the same as here.

MICHAEL KERN.

I, John Feldler, was a bleach man in the paper mill at Gratwin, Austria, where I mixed all the bleach myself, sometimes with one helper. In this mill they had five upright quick-cook digesters, which were tended by one cook and two helpers, working twelve-hour shifts same as they do here. In my opinion there was about as much help around that mill as here.

JOHN FEIDLER.

I Martin Zellan, worked as cook in a mill at Gratwin, Austria, where there were seven straw cookers. There was one cook and two helpers on each shift of twelve hours each.

MARTIN ZELLAN.

I, Frank Kabolnick, worked as a cook foreman in the paper mills at Gratwin, Austria, in the sulphite department. I have also worked at the Kellner-Parlington mills, at Hallein, Austria. At Gratwin we have five digesters which were tended by a cook and four helpers, who filled and emptied the digesters. Here we have a cook and second cook on each shift and six helpers or digester men for emptying and filling, which is exactly the same amount of help to tend the same number of digesters. In my opinion there are about the same number of men to do the same amount of work over there as there are here.

FRANK KABOLNICK.

I, Albert Sieg, was a helper in the sugar mills at Dirschau, Germany. I found that there was not much difference in the amount of work I was required to do there than there is here. I worked from 6 o'clock in the morning till 6 at night, but had an hour for noon and a half hour in the morning and in the afternoon for lunch, which made eleven working hours in all.

ALBERT SIEG.

I, Jacob Glombowski, have worked in a paper mill in Steirnetz, Germany, where I was a beater man. There were four men on the shift tending eight beaters, which we loaded and emptied. This was about the same amount of work I have been accustomed to do here, and I have not noticed any difference in the number of men about a mill in Europe or America of the same size.

JACOB GLOMBOWSKI.

The CHAIRMAN. Is there anyone else to be heard?

Mr. HASTINGS. I would like now to have Mr. George F. Steele, of Port Edwards, Wis., address you.

The CHAIRMAN. We will hear you for five minutes, Mr. Steele.

STATEMENT OF MR. GEORGE F. STEELE, OF PORT EDWARDS, WIS.

Mr. STEELE. Mr. Weber has spoken for the makers of Mitscherlich, on slow-cooked, strong sulphite pulp. The information which he has presented will also serve in large measure to inform you concerning the situation which exists in the making of quick-cooked sulphite pulp, which constitutes by far the larger share of the sulphite produced in this country. I desire to present some further information in regard to this branch of the industry.

The total production of sulphite pulp in the United States amounts to 4,000 tons daily, or about 1,200,000 tons annually. The capital employed in the construction of mills, investments in water powers, mill sites, and working capital amounts to about \$60,000,000. This does not include the value of timber lands, which would greatly increase the total investment. Excluding the investment in timber lands, the capital is turned over once in about fifteen months, but if sufficient timber land were acquired to enable the owners to practice reforestation the turnover would be considerably slower.

The industry employs from 8,000 to 10,000 men in and around the manufacturing plants, and many more in the woods getting out the timber, transporting it to the mills, and marketing the product.

The output of the industry has increased from 200 tons daily in 1890 to 4,000 tons daily in 1908. Of this amount, about 3,000 tons is made directly into paper by the mills producing it and about 1,000 tons per day are put on the market for sale to paper mills which do not produce their own sulphite.

To give an instance of the cost of establishing a sulphite plant, we will take a mill producing 60 tons of sulphite pulp per day. Such a mill would require about 40,000 cords of spruce or hemlock timber annually, and in order that the land might reproduce the timber as fast as it was used there would be needed theoretically 120,000 acres of land. This estimate is based on spruce land, well timbered and running heavily to spruce, but in practice the amount of land required would be very much greater, owing to the impossibility of obtaining bodies of timber land free from much waste and barren land and tracts covered with other kinds of timber. In the most favored locations this would entail a permanent ownership of about 150,000 acres for a 60-ton sulphite mill. I doubt if such a tract could be obtained in this country to-day at less than \$20 per acre, equivalent to an investment in land of \$3,000,000.

The cost of equipment of such a sulphite plant and its working capital would be about \$900,000, so that we would have a total amount of \$3,900,000 invested.

The annual product of such a mill at present selling prices amounts to about \$700,000, which shows a turnover of the capital employed of once in five or six years. The interest charge on so large an investment at 6 per cent would be \$234,000, or about \$13 per ton of pulp produced. Thus anything which would affect the profits of the sulphite industry would seriously affect a large amount of capital.

Practically no sulphite pulp is exported, as costs in Canada and Europe are considerably below our costs. Owing to the rapid building of mills in this country and abroad prices have been kept below a point affording a reasonable profit. Owing to the low European labor cost the output in this country, protected by a duty amounting to only $8\frac{1}{2}$ per cent, has never afforded a fairly remunerative return on capital, for the price in this country is fixed by the European and Canadian offerings.

Owing to the technical nature of the industry, and the experimental character of the business from its inception, necessitating frequent changes in equipment, the business has been lacking in fair profits. The depreciation and upkeep of a sulphite pulp mill is unusually high, owing to the use of destructive acids in the manufacture of the product.

Figures have already been submitted to you showing the great difference between European labor costs in this industry and those which are paid in this country. I desire to submit herewith (Exhibit A) the statement of the wages paid in the Scandinavian sulphite mills. This statement covers the wages paid in the mills belonging to the Scandinavian Sulphite Association, which includes practically all the Swedish and Norwegian sulphite mills. I have been informed that this association is recognized by the governments of Norway and Sweden, and not only fixes uniform wages for employees, but also fixes uniform selling prices and establishes trade customs.

I also beg to submit a statement (Exhibit B) showing the comparative wages paid in the mills of the Scandinavian Association and in a representative United States mill. This statement shows comparative wages of men in similar positions. The general average wage per hour in the Scandinavian mills amounts to $10\frac{1}{10}$ cents per hour, and in the American mill to 26.59 cents per hour. The American wages average 248 per cent higher than those paid in the Scandinavian mills. The average cost for labor in an American quick-cooked sulphite mill is about \$5 per ton. The European wages, as shown by the official table of the Scandinavian mills, average 40 per cent of the American wages, or about \$2 per ton, leaving a difference between the American and Scandinavian wages of \$3 per ton.

The duty on foreign sulphite imported into this country is \$3.32 per ton, or about equal to the difference in labor cost between that paid in Norway and Sweden and America. I understand that the wages in Germany are about the same as in the above-mentioned countries, while the wages in Finland and Russia are lower. If the low wages of operatives engaged in cutting the pulp wood were taken into account, the duty would amount to considerably less than the difference in the total labor cost. There are also other advantages which the foreigner possesses, which give him still further aid in underselling us in our own territory.

I submit a statement (Exhibit C) showing that in the year 1907 there were 110,000 tons of foreign unbleached sulphite imported into this country, while American mills were short of shipping up to their full capacity to the extent of 84,000 tons. During this period the foreign mills shipped into this market 39 per cent of the pulp sold.

During the present year the situation has been much more serious for the domestic producer, for the recent tremendous increase in production abroad has resulted in a foreign market, which has been badly congested, and has caused a frenzied effort on the part of the foreign producer to market his surplus product in this country, without much regard to cost. I understand that the foreign associations which govern the selling prices have authorized the dumping of the product of their members at a price ruling much below the price abroad, and actually in some cases below the cost of production. This leads to the suggestion that an antidumping law would tend to cause greater stability of prices and to afford more adequate protection to the American manufacturer and working man.

This serious attack upon our home business has occurred at a time when our own business was badly crippled from the effects of the general business depression. Some of the American mills ran only one-third of the time during the first six months of the year, and the average output of the American mills was not over 50 per cent of their normal productive capacity.

The Swedish and Scandinavian mills have advantages not possessed by the American mills. Their cheap labor, as shown above, is naturally their chief advantage. But they also have the advantage of low construction costs for their buildings and machinery. They have large and cheap water powers, and low transportation costs, owing to abundant inland waterways. Their ocean freights are also exceedingly low, as freight is often taken at practically ballast rates. Their wood is also said to be lower in price than the spruce wood largely used by the American mills.

In view, therefore, of the magnitude of this industry, and the advantages possessed by our foreign competitors, we confidently look to your committee not to penalize an industry struggling against unequal odds and fighting to maintain the American home market against the onslaughts of foreign competition, and earnestly request the retention of the present rate of duty on unbleached sulphite.

I thank you for your courtesy and regret that the illness of an American manufacturer, much better equipped than I to give information to your committee, necessitated the hurried and imperfect preparation of this statement.

(The exhibits referred to by Mr. Steele are as follows:)

Kogeri: formænd.	Cu Iste koger 5.00	A ¹ 6.05. A ¹¹ 5.13 (koger). A ^v 5.30. A ^v 5.70. A ^v 6.04. B 5.23 (koge- mester). Eu 4.88 (1ste koger). Eu 5.09 (1ste koger).	A ¹¹ 6.53. E ¹ 5.96.	A ¹¹ Frit hus	A ¹ For søndage + kr. 2.00. D Se under vedrønsere. E ¹ Henhv. 25% og 50%. Eu Se under vedrønsere. Eu Se under vedrønsere.	A ¹ Tjeneste hver 2den søn- dag. C ¹ Søndagsarbejde.
Kogeri: øvrige	C ¹ 4.80. Cu 2den koger 4.00.	A ¹¹ 4.12. A ¹¹ 4.46 (gut). A ^v 3.31. A ^v 5.00. A ^v 3.99. B 4.20. Eu 4.11. Eu 4.35.	A ¹¹ 4.66. D 4.35. E ¹ 4.55.		A ¹ For søndage + kr. 2.00. C ¹ 25%—50%. D Se under vedrønsere. E ¹ 25%—50%. Eu Se under vedrønsere. Eu Se under vedrønsere.	C ¹ Se under fyrbødere. Cu Se under fyrbødere. Cu Løssere og lastere kr. 32.00 pr. uge, ingen bestemt skiftinddel- ing. Ca. 10 arb. perio- der pr. uge. E ¹ For kogeri og kemisk afdeling: 1 formand medaarsløn kr. 1,500.00.
Smørere	A ¹ 3.25. Cu 3.50. Eu 3.70.	E ¹ 4.06.	A ¹¹ 4.66. A ¹¹ 4.80. A ^v 5.37. B 5.02. D 4.65. Eu 4.15.		B Overtid 50%. C ¹ 25% og 50%. C ¹¹ For de 2 første timer efter ordinær arbejdstid i ugens 5 første virkedage 25%. Ellers 50% undtagen for jul, påske og pinse, da der er 100%. D Se under vedrønsere. E ¹ Henhv. 25% og 50%. Eu Se under vedrønsere. Eu Se under vedrønsere. C ¹ 25%—50%. Cu Se under smørere.	
Vaskere	C ¹ 3.00. Cu 3.00.		A ¹ 5.25 og 4.80. A ¹¹ 4.82. A ¹¹ 4.40. A ¹¹ 5.73 1ste masses- kuffere (knude- silke) og kr. 4.88 (2 den knudella- kuffere). A ^v 4.96. A ^v 5.08 (sle- gutter). B 3.76. D 3.40. Eu 4.35. Eu 4.25—4.40. Eu 4.73.		D Se under vedrønsere. E ¹ Henhv. 25%—50%. Eu Se under vedrønsere. Eu Se under vedrønsere.	

EXHIBIT A.—Lønninger I 4de Kvartal 1907, Sulfatsfabrikerne—Continued.

Dagløn for arbejdere med.			Frit hus eller anden nat- uralydelse.	Tillæg for overtid og helligdage.	Særegne forholde.
8 timers skift.	12 timers skift.	Akkordløn glømsenemåntlig fort- geneste pr. dag.			
Masseutrillere			12 timers skift.		
	CI 3.25. Ei 3.75.	A' 4.23.	AI 5.25. AII 4.57. AIII 4.66. AIV 5.03. B 5.05. CII 4.80. D 3.60. EII 4.78 (1 em- pere).	CI 25%—50% D Se under vedrønsere. Ei 25%—50% EII Se under vedrønsere. EIII Se under vedrønsere.	
Papmaskinførere			AI 6.28. AII 4.88. AIII 5.75. AIV 5.15. A' 6.66. A' 6.66. B 5.98. B 6.59 og 6.08. D 4.56. Ei 5.74. EII 4.97. EIII 5.21. AIV 4.40. AIV 4.42. A' 4.06. A' 3.96. Ei 4.56.	CI 25%—50% CII Se under smøgere. D Se under vedrønsere. Ei Henlv., 25% og 50%. EII Se under vedrønsere. EIII Se under vedrønsere.	
Wiregutter			AI 3.92. AII 3.66. A' 4.06. D 2.56. Ei 4.22. EII 3.62.	CI 25%—50% CII Se under smøgere. D Se under vedrønsere. Ei Henlv., 25% og 50%. EII Se under vedrønsere. EIII Se under vedrønsere. B Henlv., 25% og 50%.	
Sæsegut			AI 3.05. AII 3.76. A' 4.06. D 2.56. Ei 4.22. EII 3.62.	CI 25%—50% CII Se under smøgere. D Se under vedrønsere. Ei Henlv., 25% og 50%. EII Se under vedrønsere. EIII Se under vedrønsere. B Henlv., 25% og 50%.	
Pressere og pak- kere.			AII 3.76. EII 4.23 (pak- kere).	CI Anvendes sammen med "lygutter" som regel til vedling og trans- port (milleblaser).	
			AI 3.55 (pres- sere). 4.70 (pak- kere). AII 4.32 (pres- sere). AIV 4.80 og 4.06. A' 4.90.		

Sygtuer	B 2.40 Eu 1.60 (plger).	Eii 2.06 (plger).	A ^v 5.72. B 5.22. C ⁱ 4.12. Cii 3.90. D 3.60. Ei 4.46 og 4.76. Eii 4.66. A ⁱ 3.92. Aiii 3.87. A ^v 3.60. A ^v 3.60. A ⁱ 4.74. Cii 3.90. Ei 3.99. Eii 2.09 (plger). D 4.95.	B Henhv., 25% og 50%. D Se under vedrønsere. Ei Henhv., 25% og 50%. Eii Se under vedrønsere. Eiii Se under vedrønsere.	C ⁱ Se under pressere og pakkere.	
Svovlovne.	C ⁱ 3.84. Cii 4.00.	A ⁱ 5.54 og 5.26. A ⁱ 4.91. A ^v 4.43. A ^v 4.97. Aiii 4.05. B 4.42. Ei 4.06. Eii 4.11.	A ⁱ 5.69.	C ⁱ 25%—50%. D Se under vedrønsere. Eii Se under vedrønsere. Eiii Se under vedrønsere. B 25%—50%. D Se under vedrønsere. Ei 25%—50%. Eii Se under vedrønsere. Eiii Se under vedrønsere. Aii 50%. Aiii Nat til mandag 50%. Nat til søndag 50%. Søndagsarbejde 100%.	A ⁱ Tjeneste hver 4de søn- dag. C ⁱ Søndagsarbejde. E ⁱ For koger og kemisk af- deling: 1 formand med aarsløn kr. 1500.00.	
Kisovne	Eii 3.80.			A ^v 5.07 Iste me- kanikere og verks- mester. D 3.75, 3.50, 2.00.		
Mekaniker	A ⁱ 5.00, 4.20, 3.75, 3.60. Aii 4.00, 4.50. Aiii 3.50, 4.50. A ^v 4.00 (alminde- lige). A ^v 5.00 og 3.00. A ⁱ 5.00—1.50. B 4.10. C 1.40, 0.00 pr. mand. Cii 3.50—3.75. Eii 3.80—4.80. Eiii 3.50—4.80. A ⁱ 4.00—3.25. Aii 4.20. Aiii 4.25. A ^v 4.30. A ^v 5.00 og 3.00. B 4.00. Cii 3.80. Cii 3.75—4.00. Ei 4.00. Eii 4.30. Eiii 3.50—4.40.	A ^v 5.07 Iste me- kanikere og verks- mester. D 3.75, 3.50, 2.00.	A ^v 5.07 Iste me- kanikere og verks- mester. D 3.75, 3.50, 2.00.	A ^v 5.07 Iste me- kanikere og verks- mester. D 3.75, 3.50, 2.00.	A ^v 5.07 Iste me- kanikere og verks- mester. D 3.75, 3.50, 2.00.	A ^v 5.07 Iste me- kanikere og verks- mester. D 3.75, 3.50, 2.00.
Smed				A ^v 5.07 Iste me- kanikere og verks- mester. D 3.75, 3.50, 2.00.	A ^v 5.07 Iste me- kanikere og verks- mester. D 3.75, 3.50, 2.00.	

EXHIBIT A.—*Lønninger I 4de Kvarter 1907, Sulffabrikkerne—Continued.*

	Dagløn for arbejdere med.		Akkordløn glennemsnitlig for- geneste pr. dag.		Frit hus eller anden nat- uralydelse.	Tillæg for overtid og helligdage.	Særegne forholde.
	8 timers skift.	12 timers skift.	8 timers skift.	12 timers skift.			
Blylodder.		A ¹ 4.00+3 øre pr. ton. A ^{III} 4.66. A ^{III} 5.00. A ^{IV} 4.00. A ^V 4.85. A ^{VI} 5.00. B 5.80. C ¹ 3.75. C ^{II} 3.50 og 3.75. E ^I 6.00. E ^{II} 5.00. E ^{III} 3.50—5.50.	A ^{IV} 5.17..... D 6.30—5.00		A ^{II} Frit hus og ved. A ^{VI} Frit hus.	A ^{III} Som for mekanikere. A ^{IV} 25%—50%. A ^V 50%. A ^{VI} 25%, 50%, 100%. B Intel.—fast løn. C ¹ 25%—50%. C ^{II} Som under smørere. D Se under vedrønsere. E ^I Henh. 25% og 50%. E ^{II} Se under vedrønsere. E ^{III} Se under vedrønsere.	
Turbinhus. Tømmersænd	A ¹ 3.50.	A ¹ 4.00—3.50. A ^{II} 4.00. A ^{III} 4.00. A ^{IV} 4.00. A ^V 5.00 og 3.00. B 3.00—4.50. C ¹ 3.50. C ^{II} 4.25. C ^{III} 3.75. E ^I 3.00—85. E ^{II} 3.85. A ¹ 3.00. A ^{II} 3.00. A ^{III} 3.00. A ^{IV} 3.70. A ^V 3.00. A ^{VI} 3.00. B 2.80. C ¹ 3.00. C ^{II} 3.00. E ^I 3.15. E ^{II} 3.15.	D 3.25. 2.20.			A ^{II} 50%. A ^{III} Som for mekanikere. A ^{IV} 25%—50%. A ^V 50%. A ^{VI} 25%, 50%, 100%. B Henh. 2% og 50%. C ¹ 25%—50%. C ^{II} Se under smørere. D Se under vedrønsere. E ^I Se under vedrønsere. E ^{II} Se under vedrønsere. A ^{III} 50%. A ^{III} Naarbejde 25%. Sondagsarbejde 50%. A ^{IV} 25%—50%. A ^V 50%. A ^{VI} 25%, 50%, 100%. B Henh. 2% og 80%. C ¹ 25%—50%. C ^{II} Se under smørere. D Se under vedrønsere. E ^I Henh. 25% og 50% ₁₀ . E ^{II} Se under vedrønsere. E ^{III} Se under vedrønsere.	
Almindelig Tom- tearbeldere.			D 3.00—2.50. E ¹ 4.55			C ^{II} Diverse tomtearb. ud- føres paa akkord saa aamforlejnstenen bli- ver ca. 1000.00. E ¹ Arbejdere i tørgæmmer.	
Almindelige tom- tearbeldere.							

Masselempere	Ci 6.00	Fr 4.55. Eu 4.89 (8 timers arbejde). Eu 3.25 (1 balle- huset). A ^v 4.22 (1 pyre- taarn). B 4.30. D 3.00.	Fr Henhv., 25% og 50% Eu Se under vedtænsere.
Stenelæverførere	A ^v 3.00 Eu 3.50.		A ^v 25%—50% Eu Se under vedtænsere.
Murehaandlangere	A ^v 3.00 A ^v 3.50. B 4.00. Murere 6.00. Eu 3.25. Eu 3.75 og 3.25 (dagarbej- dere).		A ^v 25% og 50% Eu Se under vedtænsere. A ^v 25% og 50% B Henhv., 25% og 50% Eu Se under vedtænsere.
Bryggearbejdere	Eu 3.75. Eu 3.74 (kulla- get på dryggen). A ^v 5.00	B 4.05.	B Henhv., 25% og 50% Eu Henhv., 25% og 50% Eu Se under vedtænsere.
Pakhusmand		B 4.05.	
Kontuarbejdere		B 5.60.	
Pjeldarbejdere		B 4.10.	
Dagarbejdere	Fr 2.25.		

CHRISTIANIA i marts 1908.

For Den skandinaviske Celluloseforenings norske afdeling.

FRANTZ F. MELHUUS, Sekretær.

EXHIBIT B.—Rate per hour from records obtained from Norwegian mills in comparison with hourly rates now in force at an American mill.

	Average per hour.		Per cent American to Scandinavian.
	Scandinavian.	American.	
Acid.....	13½	27	196
Digester.....	14½	28½	200
Wood.....	10½	23½	230
Boiler.....	11½	23½	196
Oilers.....	10½	33	324
Wet room.....	10½	26½	257
Drying machine (tenders and helpers).....	8½	26½	296
Weighters and packers (wrappers and helpers).....	9	22½	246
Ordinary.....	7½	19½	277
Mechanics and carpenters.....	10½	35½	352
Blacksmith and helper.....	10½	29½	270
General averages.....	10½	26.59	248

EXHIBIT C.—Domestic production, bleached and unbleached, as shown by Lockwood's Directory.

	Tons daily.	Tons per year.
Total production capacity of sulphite fiber in the United States.....	4,096	1,228,800
Consumed by manufacturers or associated companies.....	3,056	916,800
Balance available for open market to mills not manufacturing pulp.....	1,040	312,000

The 1,040 tons daily capacity available for the general market are divided as follows:

	Tons daily.	Tons per year.
Unbleached.....	840	252,000
Bleached.....	200	60,000

FOREIGN IMPORTATIONS.

Foreign sulphite was imported during the year 1907, according to report by Department of Commerce and Labor, as follows:

	Tons.
Unbleached (approximate).....	110,000
Bleached (approximate).....	43,000

PROPORTION OF ACTUAL DOMESTIC SALES COMPARED WITH CAPACITY.

An actual record of the sales of all domestic mills compared with their manufacturing capacity is not available, but we have actual records of 13 of the principal mills, with a daily capacity of 539 tons, or 64 per cent of the total 840 tons.

A comparison of their actual sales and capacity is as follows:

	Daily tons.	Yearly tons.
Capacity of 13 mills.....	539	161,700
1907 actual sales, 13 mills.....	364	109,320
Sales less than capacity.....	175	52,380
Per cent of sales below capacity.....	32	

Assuming that the experience of all domestic mills was no different from that of mills having 64 per cent capacity of the total, and whose records are shown above, an estimate of actual sales of all domestic mills, compared with capacity, is as follows:

	Tons daily.	Tons yearly.
Actual capacity.....	840	252,000
Less estimated loss 32 per cent.....	268.8	80,640
1907 estimated actual sales.....	571.2	171,360

This record indicates that foreign unbleached sulphite was imported to the extent of 110,000 tons during a period when the sales of domestic mills were short of their capacity to furnish 80,640 tons.

MARKET CONSUMPTION IN THE UNITED STATES OF FOREIGN AND DOMESTIC COMBINED.

From the above records a summary of bleached and unbleached sulphite consumed in the United States during the year 1907, by mills buying in the open market, is as follows:

	Total.	Domestic.	Per cent.	Foreign.	Per cent.
	<i>Tons.</i>	<i>Tons.</i>		<i>Tons.</i>	
Unbleached.....	281,360	171,360	61	110,000	39
Bleached.....	103,000	60,000	58	43,000	42
	384,360	231,360	60	153,000	40

It will be noted from the above that foreign manufacturers sold 39 per cent of all the unbleached sold in this country, and 42 per cent of all the bleached, and the percentage of foreign, as compared with the percentage of domestic pulp sold, is:

	Domestic.	Foreign.	Per cent foreign compared with domestic.
	<i>Tons.</i>	<i>Tons.</i>	
Unbleached.....	171,360	110,000	64
Bleached.....	60,000	43,000	72

COMPARATIVE VALUE OF FOREIGN AND DOMESTIC FIBERS.

As regards foreign bleached sulphite, it is admitted that a considerable portion of the importations are of a higher grade than has heretofore been made in this country, but that this proportion of high-grade bleached sulphite is not large, and that the large importations of unbleached fiber are not because foreign unbleached is of a greater value than the domestic unbleached will be shown by valuations of imports given in the Department of Commerce and Labor reports for the year 1907, to which we have added duty, estimated average freight to mill, and total cost delivered mill, with comparison of the

average price obtained by a representative American mill, as shown by the following tabulation :

Grade.	Foreign.				Domestic.		
	Tons imported.	Total valuation.	Average value per ton c.i.f. port.	Duty.	Estimated average freight to mill.	Total cost delivered.	Average price delivered obtained by B. S. F. Co. year 1907.
Bleached.....	43,688	\$2,111,574	\$48.33	\$5.00	\$2.50	\$55.83	\$53.90
Unbleached.....	110,004	3,902,528	35.48	3.33	2.50	41.33	41.04

In the above tabulation the lower price of American bleached and unbleached fiber is largely accounted for by the fact that these are the average prices of all sales of fiber, including both No. 1 and No. 2 grades, and with sales of the best grades considered separately would show a price practically equal to the selling prices of the foreign product.

The CHAIRMAN. The committee will now take a recess until Monday morning at 9.30 o'clock.

Mr. HASTINGS. Mr. Chairman, do I understand that you will continue with this same schedule on Monday?

The CHAIRMAN. We will not. There are other matters to come before the committee. The gentlemen who have not been heard will have to content themselves with filing briefs to be printed in the record.

Mr. MORRIS GINTZLER. Mr. Chairman, we have been here since yesterday, and would like the indulgence of the committee for five minutes.

The CHAIRMAN. What is that?

Mr. GINTZLER. We came here yesterday prepared to be heard, and we have been here since early this morning. All we ask is your kind indulgence for five minutes to present our views.

The CHAIRMAN. Well, the members of the committee will sit informally for five minutes. I will say that the members of the committee were here from 9.30 o'clock yesterday morning until a quarter to 12, and we have been here from 9.30 o'clock this morning until midnight, and next week we will do the same thing. However, we will hear you for five minutes. Go ahead.

STATEMENT OF MR. MORRIS GINTZLER.

The CHAIRMAN. On what subject are you about to address us?

Mr. GINTZLER. On the subject of the duty on chemical pulp, bleached and unbleached.

The CHAIRMAN. On what?

Mr. GINTZLER. On the subject of wood pulp made by chemical process.

The CHAIRMAN. Proceed.

Mr. GINTZLER. I represent the importers of New York, who have been asked by the manufacturers of this country, who have no pulp mills of their own and who are dependent on the foreign supply, to place before you some particulars to induce you in the revision of this tariff to make no change in this schedule. There have been

stated at considerable length the discrepancies in labor as between this country and abroad; but it appears that all the speakers have overlooked the fact that the American workman is the most efficient laborer of his kind the world over; and while it is true that American workmen will get more per day, it is also true that to turn out the same quantity of pulp it is not necessary to have as many men in this country as it is abroad. The present duty is \$3.33 per ton on unbleached pulp and \$5.60 per ton on bleached pulp. These duties, with the present discrimination against the foreign manufacturer to the extent of being subjected to charges from which the American manufacturer is entirely exempt, such as packing for export, the inland freight on the other side to bring the pulp to the seaboard, the ocean freight to bring the pulp to this country, and the import merchant's profits here, are all items entering into the cost, from which the American manufacturer is entirely exempt.

I presume it is not the intention of this committee to advance the tariff on this schedule. At the same time the trade has accommodated itself to the present rate of tariff, and at the present time it brings a certain amount of revenue to the Government, which the paper manufacturers are quite ready and willing and able to stand. The committee must remember that every ton of pulp which is brought over from the other side means just so much of our own wood saved, and there is no need of going at any great length into the subject of the importance of the preservation of our forests.

One point I wish to bring out clearly is that for the past twelve years there has been no chemical pulp mill in this country that has failed, but each and every mill has been able to keep up and to make money.

The imports do not amount to more than 10 per cent of the total production of this product, and I maintain that the American manufacturer who is dependent on the general open market is entitled to seek his supply on such a basis. I will file with my brief here letters from different manufacturers—about 100 of the leading paper manufacturers of this country—asking you to make no change in the present tariff on chemical wood pulps. These mills employ many hands at remunerative wages, and it is a question of compelling these mills to reduce wages and possibly to shut down their plants and possibly to import the finished paper. We must bear in mind that chemical pulp is raw material and not a finished product, and as such should not be subjected to any further duty. I thank you.

The brief and letters submitted by Mr. Gintzler are as follows:

In the matter of tariff revision affecting schedule M, wood pulp, before the Committee on Ways and Means at Washington, November 21, 1908.

The present tariff on chemical pulps should not be altered for reasons given herein.

Chemical pulps, as distinguished from mechanical or ground wood pulp, which latter is not imported from Europe, constitute the principal raw material of a great many grades of paper manufactured in this country. An additional duty on such raw material adds to the burden of the manufacturing interests of this country.

Under normal conditions there are only about 18 pulp mills of the 78 mills in the United States which can supply sulphite pulp to the paper mills. The other pulp mills manufacture only for use in their own paper mills and not for sale.

Foreign pulps do not compete to a sufficient extent with the American pulps to have their importation prohibited by any high restrictive tariff.

In this brief, where the term "tons" is used, it will be understood to mean a ton of 2,000 pounds.

WAGES.

The cost of general labor in this country for producing one ton of unbleached sulphite pulp is about \$4. To this must be added the cost of repair labor, \$2 per ton, which brings the total cost, including repair labor, to \$6 per ton.

This information is based on actual figures from a mill making 50 tons per day of unbleached sulphite pulp. It is considered that 75 tons is the correct unit for economical production, and the cost of labor per ton for a mill making 25 or 30 tons per day is larger than that for a mill making 75 tons daily.

The individual wages paid abroad are less than those paid in this country. At the same time, however, this difference is largely counterbalanced by the greater efficiency of the American workman. In Europe more time is devoted to the careful preparation of the wood, a longer time is used in its cooking, all adding to the cost of labor, resulting in a smaller product to the amount of labor as compared to the United States. The result is that the cost of labor per ton of pulp abroad is no less than that in this country.

The actual figures for the cost of labor per ton of pulp in Europe is from \$5 to \$9.75, according to quality of product and prevailing wages of the countries where mills are situated.

WOOD.

The average cost of unbarked pulp wood in this country is about \$8.50 per cord of 128 cubic feet, and it requires about 2 cords of unbarked or about 1.7 cords of rossed wood for a ton of sulphite pulp, thus making the average cost of wood per ton of pulp \$17. Several mills in this country manufacture pulp from slabs obtained from sawmills, which still further reduces the cost. A number of mills in this country still enjoy the benefit of their own woodlands acquired many years ago, and the price of this wood is quite a factor in forming a basis of price for the domestic pulp.

In Europe the cost of wood averages \$9 per cord, making the average cost of pulp wood for a ton of pulp at the pulp mill \$18.

The pulp here referred to is known as "quick-cooked unbleached sulphite pulp." The cost of pulp when manufactured by the slow-cooked or "Mitscherlich" process is largely increased owing to the necessarily longer time used in cooking, and other expenses incidental thereto.

SELLING CONDITIONS.

Before the foreign pulp becomes competitive with the domestic there must be added to it sundry costs and expenses from most of

which the American pulp mill is exempt. These charges for the foreign pulp mill may be figured as follows:

	Per ton.
Cost of packing for export.....	\$1. 50
Inland freight from pulp mill to seaport.....	1. 00
Ocean freight.....	3. 00
The import merchant's profit.....	2. 00
Total.....	7. 50
To which if we add the present duty of.....	3. 83
Makes a total of.....	10. 83

which is the protection afforded to-day to the American pulp manufacturer. This should be sufficient for the American manufacturer of pulp and enable him to market independently of the foreign article.

The selling price of domestic quick-cooked pulp to-day averages \$42, freight paid to the paper mill.

The average selling price for foreign pulp to-day ranges from \$39 to \$42 at the port of arrival, and to this must be added an average freight to the paper mill of \$3 per ton, making a total of \$42 to \$45, freight paid to the paper mill. This is for prompt deliveries, and for future deliveries higher prices are asked.

The prices ruling to-day are not normal on account of the recent business depression and the larger stocks in the hands of foreign pulp speculators.

We quote from Farmand, the leading paper trade journal in Norway, from the issue of October 24, 1908, as follows:

The market for cellulose is so bad that it must soon bring about a curtailment of production, the more so as log prices are rather advancing than otherwise, at least in this country, and although a reduced output, of course, means an enhanced cost of production, it will not be very difficult for the managers to find out which is the smaller loss: To go down in quantity or to accept the prices which are nowadays put before them by their agents.

But nothing can demonstrate the correctness of what we have frequently stated in these columns, that the growing demand for wood for so many various purposes has an irresistible tendency to raise the level of value of the raw wood.

The prices which ruled prior to October, 1907, averaged for the domestic pulp from \$42 to \$46, delivered at the paper mill, and for foreign pulp from \$46 to \$53.

Importers are to-day delivering old contracts at these figures.

Another reason for the depression of prices, in addition to the recent dullness prevailing in business, is that domestic pulp was advanced to such a figure as made it possible to bring over larger quantities of foreign pulp.

The advances in prices of domestic pulp was caused by the large demand prevailing at that time.

In October of last year orders for paper diminished considerably, so that the paper mills could only run part time, and, in fact, several of them had to shut down for shorter or longer periods; and it may be safely stated that the average consumption of pulp by the paper mills during the past year has not been more than 60 per cent of the normal consumption. The shutting down of the paper mills naturally reduced to a great extent the demand for domestic pulp, and large quantities of foreign pulp contracted during previous times, when higher prices were ruling, came into this country. In

some cases these pulps could be disposed of by the importers only at a loss.

Prior to the financial depression before referred to the domestic pulp had always been sold at about 10 to 15 per cent cheaper delivered at the paper mill than the foreign pulp. In corroboration of this, we give herewith quotations of both foreign and domestic unbleached pulps, published by the two leading trade journals of the paper and pulp industries—that is, the Paper Trade Journal and The Paper Mill, both published in New York City. These quotations for some years past, taken at random, are as follows:

[From Paper Trade Journal]

Domestic bleached:

May 17, 1900	2½ -3.05
May 18, 1901	2½ -3.00
May 22, 1902	2.35-2.50
May 21, 1903	2.40-2.50
May 19, 1904	2.40-2½
May 18, 1905	2½ -2½
May 17, 1906	2½ -2½
May 23, 1907	2.60-3.05
May 21, 1908	2.60-3.05
November 15, 1900	2½ -3.00
November 21, 1901	2½ -3.00
November 20, 1902	2.75-3.00
November 19, 1903	2.40-2.50
November 17, 1904	2½ -3½
November 16, 1905	2½ -2½
November 22, 1906	2½ -2½
November 21, 1907	2.60-3.05

Domestic unbleached:

May 17, 1900	2½ -2½
May 18, 1901	2.30-2.50
May 22, 1902	1½ -2.00
May 21, 1903	1.85-2.00
May 19, 1904	1.85-2.10
May 18, 1905	1.80-2.10
May 17, 1906	1.85-2.00
May 23, 1907	2.15-2.25
May 21, 1908	2.05-2.20
November 15, 1900	2.10-2½
November 21, 1901	1.65-1.85
November 20, 1902	1.95-2.15
November 19, 1903	1.85-2.10
November 17, 1904	1.85-2.10
November 16, 1905	1.85-2.10
November 22, 1906	2.00-2.10
November 21, 1907	2.20-2.30

Foreign bleached:

May 17, 1900	3½ -3½
May 18, 1901	3.15-3½
May 22, 1902	2.75-3.00
May 21, 1903	2.75-3.20
May 19, 1904	3.20-3.40
May 18, 1905	3.14-3.35
May 17, 1906	3.10-3½
May 23, 1907	3.20-3.25
May 21, 1908	3.05-3.25
November 15, 1900	3½ -3½
November 21, 1901	3.00-3½
November 20, 1902	2.75-3.00
November 19, 1903	2.75-3.20
November 17, 1904	3.35-3.45
November 16, 1905	3½ -3.35
November 22, 1906	3.15-3.30
November 21, 1907	3.20-3.55

Foreign unbleached:

May 17, 1900	2½ -2½
May 18, 1901	2.30-2.50
May 22, 1902	1.95-2.15
May 21, 1903	1.95-2.15
May 19, 1904	2.15-2½
May 18, 1905	2.20-2½
May 17, 1906	2½ -2.40
May 23, 1907	2.25-2.45
May 21, 1908	2.10-2.25
November 15, 1900	2.30-2.50
November 21, 1901	2.30-2.50
November 20, 1902	1.95-2.15
November 19, 1903	1.95-2.15
November 17, 1904	2.20-2.30
November 16, 1905	2½ -2.40
November 22, 1906	2½ -2.40
November 21, 1907	2.25-2.55

[From Paper Mill.]

Domestic bleached:

May 19, 1900	3½ -3.50
May 18, 1901	2½ -2½
May 17, 1902	2½ -2½
May 23, 1903	2½ -2.50
May 21, 1904	2½ -3.00
May 20, 1905	2.50-3½
May 18, 1907	2½ -3½
May 16, 1908	2½ -2½
November 17, 1900	2½ -3.00
November 16, 1902	2.50-2.75
November 21, 1903	2.55-2.75
November 19, 1904	2.50-3½

Domestic bleached—Continued.

November 18, 1905	2½ -2½
November 17, 1906	2½ -3.00
November 16, 1907	2½ -3.00

Domestic unbleached:

May 19, 1900	2½ -2.40
May 18, 1901	1.95-2.40
May 17, 1902	1.85-1.90
May 23, 1903	2.00-2.40
May 21, 1904	1.85-2½
May 20, 1905	1.85-2.10
May 19, 1906	1.85-2.00
May 18, 1907	2.30-2.50

Domestic unbleached—Continued.

May 16, 1908.....	2.10-2.20
November 17, 1900.....	2.10-2.50
November 16, 1902.....	1.95-2.40
November 21, 1903.....	1.85-2.00
November 19, 1904.....	1.85-2.10
November 18, 1905.....	1.75-2.10
November 17, 1906.....	2.00-2.10
November 16, 1907.....	2.20-2.50

Foreign bleached:

May 19, 1900.....	3½ -3.75
May 18, 1901.....	3.60-4½
May 17, 1902.....	2.75-3.00
May 23, 1903.....	2.75-3½
May 21, 1904.....	3½ -3½
May 20, 1905.....	3½ -3½
May 19, 1906.....	3½ -3.40
May 18, 1907.....	3½ -3.50
May 16, 1908.....	3.15-3.45
November 17, 1900.....	3½ -3½
November 16, 1902.....	3.60-4.25

Foreign bleached—Continued.

November 21, 1903.....	2.85-3.00
November 19, 1904.....	3½ -3½
November 18, 1905.....	3½ -3.50
November 17, 1906.....	3½ -3.30
November 16, 1907.....	3½ -3.50

Foreign unbleached:

May 19, 1900.....	2½ -2.50
May 18, 1901.....	2½ -3.00
May 17, 1902.....	1.95-2.15
May 23, 1903.....	1.95-2½
May 21, 1904.....	2.00-2.30
May 20, 1905.....	2½ -2.40
May 19, 1906.....	2½ -2.40
November 17, 1900.....	2.30-2.50
November 16, 1902.....	2.25-2.50
November 21, 1903.....	1.85-2½
November 19, 1904.....	2.15-2½
November 18, 1905.....	2.25-2.65
November 17, 1906.....	1.90-2.40
November 16, 1907.....	2½ -3.00

BLEACHED SULPHITE.

The present tariff provides for a duty of \$5 per ton on this article.

The items of cost entering into the manufacture are, as already shown in the unbleached pulp, practically the same also on this grade.

The cost abroad of bleaching unbleached sulphite pulp is no less than in this country, chemicals being about the same. The advantage or protection to the American manufacturer on this article is even greater under existing conditions than for the unbleached pulp.

The disadvantages with which the foreign manufacturer has to contend in marketing his goods in this country are caused by the following additional expenses from which the American pulp manufacturer is exempt:

Cost of packing, per ton.....	\$1.50
Inland freight from pulp mill to seaport.....	1.00
Ocean freight.....	3.00
Import merchant's profit, per ton.....	2.00
Present duty, per ton.....	5.00

Total 12.00

so that the American manufacturer could sell at prices at least \$12.50 per ton lower than the foreign manufacturer and make just as much profit.

SELLING CONDITIONS.

To-day the ruling price of foreign bleached sulphite pulp, as verified by the Paper Trade Journal quotations, in issue of November 12, 1908, is from \$60 to \$65 per ton at the port of arrival, equivalent to \$63 to \$68 per ton at the paper mill.

For the domestic pulp the price is, delivered at the paper mill, from \$51 to \$52 per ton.

There is, therefore, to-day an advantage of about \$12 to \$16 per ton in favor of the American manufacturer.

The higher duty would not benefit the manufacturer, inasmuch as these pulps do not compete, on account of quality, as can be seen

by the difference in prices ruling to-day. If the pulps were competitive, the American manufacturer could, without difficulty, secure prices more closely approaching those ruling for the foreign article.

The policy of the American pulp manufacturer is to make large productions, and anything which restricts the production is not looked upon with favor by the American manufacturer.

The European manufacturer will exercise a great deal of patience and industry in getting an article as nearly perfect as possible, regardless of the quantity produced. This, in a measure, will explain the difference in quality between the pulps manufactured here and abroad.

ADDITIONAL ADVANTAGES ENJOYED BY THE DOMESTIC MANUFACTURER.

Where coal is used for the development of steam power, the American mills have a decided advantage over those abroad, as the cost of coal abroad is very much higher than in the United States.

In addition to this, lime and sulphur are used in large quantities, and both of these are produced in this country to a sufficient extent to meet the demand. Formerly sulphur was largely imported for pulp manufacturing purposes, but since the discovery and development of sulphur mines in Louisiana very little, if any, sulphur is imported for pulp manufacturing purposes.

We produce in this country bleached chemical pulp made from poplar wood, and in spite of the alleged discrepancies of labor here and abroad, quantities of this article are exported.

Under the present tariff a large industry of sulphite pulp mills has been developed. During the last twelve years not a single pulp mill has gone into bankruptcy, and many of them have enlarged their plants considerably.

It must be remembered that a good many pulp mills have been built which have used up all their available wood supply, and they have to go farther and at larger expense for their wood, which increases its cost to quite an extent.

This condition also applies to the foreign pulp mills, and in recent years the cost of wood abroad has advanced considerably.

While, according to official statistics, the wood cut by pulp mills in the United States is estimated at only 2½ per cent of the total wood cut, it is largely increased as to the total spruce wood cut.

FOREST PRESERVATION.

It is essential that our forests be conserved as much as possible. Our agricultural interests are threatened by the devastation of the forests. The consumption of foreign pulp in this country means just so much timber land saved here, and it is a matter beyond question that the welfare of all the people of the United States is entitled to protection by the preservation of their forests rather than add to the profits of a few manufacturers at the expense of the entire country.

A higher tariff would affect hundreds of paper mills that have been buying their supplies abroad, and might result in the reduction or cessation of importations of pulp and in an increase of importation of the finished paper. Such a condition would mean the shutting

down of many paper mills that are now giving profitable employment to thousands of men at wages better than those enjoyed in many other lines of industry.

In the interests of the many American paper mills which do not manufacture their own sulphite pulp we ask that the present duty should not be changed.

We submit with this brief a large number of letters from leading paper manufacturers of the country protesting against any action on your part which will increase the cost of their raw material or place any excessive burden on them which would interfere with the successful operation of their plants.

Respectfully submitted.

Atterbury Bros. Co., Ira L. Beebe & Co., Frederick
Bertuch & Co., Castle, Gottheil & Overton, Jean
Freese, Perkins Goodwin Co., M. Gottesman &
Son, Rudolf Helwig, Felix Salomon & Co., E. M.
Sergeant Co., Scand.-Am. Trading Co.

RUDOLF HELWIG,

LEON GOTTHEIL,

ROBT. B. ATTERBURY,

MORRIS GINTZLER (F. BERTUCH & Co.),

New York City,

Committee.

MENASHA, WIS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

5 Beekman Street, New York City.

GENTLEMEN: Your letter of November 14 received, and we hasten to reply in obedience to your request.

We believe fully in the spirit of protection to all home industries, giving them the benefit of every doubt in fixing tariff schedules.

We believe that the Republican platform of 1908 should be strictly adhered to in the revision of the tariff.

We are not, however, in favor of such tariff revision as would enable manufacturers of pulp or anything else to demand such prices for their products as would be unfair to buyers and consumers.

Not long ago nearly or quite all manufacturers of sulphite pulp in this country and Canada entered into a combination for the purpose of advancing the price to a basis of hemlock sulphite at 2½ cents a pound, and in addition eliminating the former discount for cash. At the same time prices were agreed upon for papers which were made of sulphite much lower proportionally than were demanded for sulphite.

Under the conditions mentioned we found it impossible for us to buy sulphite at the pool's prices and put it into paper at the pool's prices without actual loss to our mill. Not being manufacturers of sulphite we were obliged to seek other markets in which to buy to enable our remaining in business with any degree of success. We found that we could buy from eastern importers at prices that would enable us to operate at nominal profit, and we also found that we could buy pulps of great superiority of quality.

In fact, certain of the foreign pulps are not duplicated by domestic manufacturers, and the paper made from it commands a much higher price in our markets than any made in the United States or Canada.

It is our opinion that the present duty on pulp of all kinds is high enough to protect domestic manufacturers on the basis contemplated by the Republican platform of this year.

We further believe that the protection provided in the existing schedules is sufficient to encourage the building of plants to manufacture such better grades of pulp as are needed in this market, but not now manufactured here.

We believe that the available supply of pulp wood is now, and will be, ample for all pulp and paper demands for all time, and we do not advocate protection nor tariff revision because of the possible or probable denuding of our forests. We believe, however, that such restraint as will conduce to a spirit of fairness and consistency in our industrial and commercial life should be imposed upon us all.

We do not believe that the tariff upon any kind of pulp should be so increased as to encourage the manufacturers of the United States and Canada to cooperate in the fixing of prices above the reasonable limit.

Yours, truly,

JOHN STRANGE PAPER COMPANY.
JOHN STRANGE, *Secretary*.

HOLYOKE, MASS., *November 19, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: We have your letter of the 14th instant, and wish to state that we are in hearty accord with you in your efforts to prevent the increase of the duty on foreign wood pulp. We believe it would be a great burden on the paper manufacturers and on the paper consumers to have an additional duty imposed.

We are now paying a higher price for the imported pulp which we buy for our two paper mills than we would have to pay for similar domestic pulp, but the imported pulp has characteristics which we are unable to obtain in any domestic pulp which we have used heretofore or have been able to obtain after extensive research.

In our case an increase in duty would mean a corresponding increase in the market price of our products, which, of course, the consumer would be obliged to pay, and we fail to see, under these conditions, the necessity for increasing the burden upon the consumer.

We believe that the very rapid destruction of our forest areas, which is so largely helped along by the manufacture of wood pulp, should be discouraged rather than encouraged. A higher duty on wood pulp would surely stimulate the investment of capital in the wood-pulp manufacturing business in this country, meaning an increase in the destruction of our forest reserves, which would react upon the public in general in many ways. It would certainly help to increase the cost of lumber for building material by making lumbering operations recede farther and farther from the lumber markets.

The conditions in the Connecticut Valley at the present time are a strong argument against the imposition of a still higher duty on wood

pulp. The destruction of the forests on the watersheds of the Connecticut River is one of the direct causes of the very severe drought which has prevailed in the Connecticut Valley for some weeks. The waters of the Connecticut River were never so low at this period of the year, and it is hard to estimate the immense loss it is to the residents of this beautiful valley, occasioned by the shutting down of our manufacturing establishments on account of low water. The Connecticut River is not the only example, as most of the rivers along the northern Atlantic coast are suffering from the same cause. It is a very grave condition which confronts the people of the Connecticut Valley at the present time, and if this condition can be traced to the destruction of our forests such destruction surely should not be encouraged by the imposition of higher duty on wood pulp, or any other tariff legislation which would encourage or aid any lines of manufacture to renewed efforts toward forest destruction. We believe this is a question which is of vital interest to not only the paper manufacturers in the East and wood-pulp importers, but to the general public.

Yours, very truly,

JAPANESE TISSUE MILLS,
WM. H. BOND, *Secretary*.

FITCHBURG, MASS., *November 17, 1908.*

THE COMMITTEE OF WOOD-PULP IMPORTERS,

New York.

GENTLEMEN: We trust you will use your utmost endeavors to prevent any increase in the duties on chemical-process pulps.

The amount of high-grade sulphite fiber manufactured in this country, and suitable for good quality papers, is so small that any advance in the duty would not only work a hardship upon such paper manufacturers, but must of necessity result in a very substantial raise in the price of paper from the grade of low-priced book to fine writings, and we believe that any increase in the duty, while not protecting any industry in this country, as almost no mills make sulphites of equal grade to the imported, would be offset by the increased price the Government—one of the largest users of such papers—would be obliged to pay.

No greater harm can befall the paper mills of this country than the increase of duty on the high-grade sulphites imported from foreign countries, and we trust you will appreciate its serious consequences.

Yours, very truly,

FITCHBURG PAPER COMPANY,
G. R. WALLACE.

DUTY ON WOOD PULP.

TRADERS' PAPER BOARD COMPANY,
Bogota, N. J., November 18, 1908.

THE COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: As consumers of sulphite pulp we are vitally interested in the question of a tariff on this material. We protest against

not only an advance in the present pulp schedule, but most decidedly against any tariff on wood pulp, either mechanical or chemical pulp.

The manufacturers of paper who do not own domestic timber lands and pulp mills are suffering to-day, and most of them have their mills on part time or down completely through inability to obtain from domestic manufacturers mechanical wood pulp at any price or chemical pulp at any reasonable price.

It is evident to any sane man familiar with the paper business in this country that a duty on wood pulp does not protect labor and does not tend to preserve our forests, and the only conceivable excuse for a tariff duty is to foster a monopoly of owners of extensive woodland tracts operating pulp mills, who by unlawful competition have put the price to such a point and reduced production in such a way that the manufacturers of paper who are not in their ring, and who employ most of the labor engaged in the industry, are working to serious disadvantage, and instead of protecting the manufacturer as a whole and protecting the labor engaged in the industry, the Government, through its tariff duties, are effectively backing conspirators whose aims and objects are against the interest of the larger number engaged in the trade.

You are no doubt well aware that it is not only the user of print paper who has a valid objection to the duty on wood pulp, but it is decidedly the majority in number, and in the aggregate the majority in capital invested in the paper business, who suffer most from these duties on raw material.

It is high time, in my opinion, that the Government let raw material come into this country free.

Yours, very truly,

C. W. BELL, *Receiver.*

GEO. W. WHEELWRIGHT PAPER COMPANY,
Boston, November 19, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: The Geo. W. Wheelwright Paper Company are manufacturers of paper with mills producing about 50 tons of paper per day of book grades. These mills are situated in Massachusetts within about 50 miles of Boston. Our location precludes the manufacture of wood pulp, as all forests are distant, and fuel is high.

We are using a considerable quantity of chemical wood fibers, both domestic and imported. The soda fiber we use the most of is all of domestic make, but the stronger fiber made by the sulphite process we use more largely of the imported, for the reason that it is of superior quality to the general product of the domestic pulp mills, and is sold at a higher price, and to a great extent is not competitive, as the domestic pulp is an inferior quality and can not be substituted for the imported, which commands a price which certainly averages a quarter of a cent a pound higher. An increase in the duties would be a hardship on us, for the reason that we must continue to buy the foreign product, as the home producers have never supplied pulp of the quality we desire, and we are certain we should be unable to advance our prices to offset increased costs.

There are comparatively few pulp mills whose product is sold to mills using but not producing pulp, and the market for domestic pulp is largely controlled by mills producing and using pulp in the manufacture of paper and selling their surplus. It is doubly the interest of such manufacturers to favor the exclusion of imported pulps by higher duties, as it benefits them both in the sale of pulp and of paper.

For the foregoing reasons we protest against any advance in the duties on pulp.

The present quotations for foreign pulp for immediate shipment are abnormally low, due to the unfavorable business conditions which have prevailed and should not be considered in any adjustment of duties for the reasons of market conditions, as explained by one of our English correspondents, who is well posted. We quote below their letter of October 31:

"With reference to sulphite supplies, would you consider the question of picking up what may be considered a bargain for delivery this year? The point is this: Owing to dullness of trade, many papermakers in this country are not able to take out their contracted supplies, consequently some paper mills in Scandinavia have stocks inconveniently large. This condition of affairs will, we think, be only temporary, because the price has now sunk below cost of production. A movement is on foot in Scandinavia to reduce production by 30 per cent for three or six months. All Norwegian mills have agreed to this and more than half the Swedish mills. They are, however, waiting for more complete unanimity before putting this plan into operation. In the meantime several mills will shut down for a month or more on their own account without waiting until the pulp associations have come to a decision. It is to be expected, therefore, that during next year the supply will adjust itself to the demand, but in the meantime, for financial reasons, there are stocks which will be going cheap. If you could take 2/300 tons for this year we could probably make you a special offer.

We have dispatched to you a sample of our "G" pulp, and we have to-day sent you a further sample of our "T" pulp. You have already a sample of the HX. These three brands all run much the same and are popular in this country as being easy bleaching, suitable for printings. From one or other of these mills we could possibly supply you with cheap lots for this year. We can not quote at present until we know that you will be open, but on hearing from you we would lay an offer before you."

Respectfully, yours,

MIDDLETOWN, OHIO, *November 16, 1908.*
COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: We notice that there is considerable agitation up in reference to the revision of the tariff on pulp, and that you are filing a protest against any advance. We wish to join you in this, and state that we consider it a great injustice to the consumers of pulps to increase the tariff on foreign, that the domestic manufacturers might

increase the price of their present product, which we consider too high now.

They attempted to raise the price away beyond reason a year or so ago, and had it not been for the foreign importation we would have been forced to pay at least \$3 or \$4 a ton more for domestic.

If anything is done, we consider that the schedule should be reduced, rather than advanced.

We hope that you may be able to place the matter before the proper authorities at Washington in such a light that they will see what an injustice would be done the consumers if any advance is made.

Yours, truly,

THE PAUL A. SORG PAPER COMPANY,
M. T. HARTLEY, *Treasurer.*

MARCELLUS FALLS, N. Y., *November 16, 1908.*
COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: Replying to your favor of the 14th, would say that we, as paper manufacturers, consider it would be a great mistake to increase the tariff on such grades of chemical pulp as are being imported into this country, including the high grades of sulphite and sulphate pulp, such as is used in all superior grades of wrapping specialties, for the very reason there is very little, if any, made in this country that comes up to the requirements of this class of paper.

The manufacturers of sulphite and other grades of chemical pulp in this country are satisfied to make a grade of stock that will answer for news paper and the lower grades of wrapping paper, but do not make a quality that will answer for the better grades of paper.

Consequently the paper mills confining themselves to the better grade of wood papers, as a rule are buying imported stock, simply because the home product that is on the market will not fill the bill.

Increasing the tariff will not increase the consumption of the home product of chemical pulp, but it will increase the importation of the foreign high-grade paper, to the detriment of the mills now making these high grades at home in our own country.

For these reasons we are opposed to an increase of the tariff on imported stock, especially as our own supply of wood is now so limited.

Yours, truly,

MARCELLUS PAPER COMPANY,
Per F. J. FORD.

TONAWANDA, N. Y., *November 18, 1908.*
COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: With reference to the hearing before the Committee on Ways and Means in the House of Representatives on November 21, we would desire to protest against any increase on the present importation duty on pulp.

We are convinced that an increase on this duty would work to the detriment of American manufacturers using pulp or sulphite, not only because the higher cost of production and relatively higher cost of labor in the country is in itself a handicap against the American manufacturer, but because the rapid depletion of our own forests, particularly of spruce, which is the best wood for the manufacture of pulp board, makes it vitally important that we be able to obtain pulp from the Canadian market.

This not only protects our own forests, but is also a protection against the flooding of our market with pulp board from Sweden and Norway.

Very truly, yours,

TONAWANDA BOARD AND PAPER COMPANY.

BOSTON, *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York, N. Y.

GENTLEMEN: Learning that there is an agitation to increase the tariff on wood pulp, we desire, as manufacturers using this kind of stock, to protest against such proposed increase.

We are convinced that to raise the duty would benefit only a few individuals, and would be detrimental to the whole paper-making industry. More than this, it would have a very prejudicial effect upon the forests of the United States, which need the most enlightened legislation and care to save them from practical extinction.

Hoping that your committee will most seriously urge that the present schedule be diminished rather than increased, we are,

Yours, very truly,

MUNROE FELT AND PAPER COMPANY,
JAMES P. MUNROE, *Treasurer.*

CLEVELAND, OHIO, *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York, N. Y.

GENTLEMEN: As we buy considerable tonnage of foreign sulphite, we are greatly interested in the proposed revision of the tariff. It seems to us that it would be a grave mistake to advance the present duty and thereby discourage importation of wood pulp at a time when this country needs all its domestic timber, which is being rapidly exhausted. The present duty affords a reasonable protection to domestic producers, and yet permits considerable importations to supply the paper and board mills of this country. We wish to join you in expressing our protest against any advance in the pulp schedule.

Yours, respectfully,

THE OHIO BOXBOARD COMPANY,
THOS. W. ROSS, *Treasurer.*

VICKSBURG, MICH., *November 17, 1908.*

COMMITTEE OF WOOD PULP MAKERS,

New York, N. Y.

DEAR SIR: Your letter of November 14 received and noted. Of course it goes without saying that the paper mills do not wish any advance or any change of any kind in the duty on wood pulp. The mills are, as a rule, perfectly satisfied with the present tariff on both pulp and papers, with the exception that the present tariff on importation of papers is very indefinite and allows many times high-priced papers to be imported under a low tariff.

At the meeting in Chicago last week the fine writing mills appointed a committee to represent them at the hearing in Washington, and it would seem as though a conjunction of your committee with that would be a good idea and work out to the good of all concerned.

Mr. C. A. Crocker is the chairman of this committee in question.

Yours, truly,

LEE PAPER COMPANY,
O. H. BRIGGS, *Manager.*

HIGHLAND PARK, CONN., *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

5 Beckman Street, New York City.

GENTLEMEN: Your circular of the 14th came duly to hand. We are but small consumers of sulphite pulp, and therefore it would not make as much difference to us if the tariff was increased or decreased as though we were larger users. We may, perhaps, be able to give nearer to a disinterested opinion in the matter than as though we were larger consumers. We think, however, it would be very unwise to increase the duty on pulp, in view of the rapid disappearance of the forests in this country, also the agitation which has sprung up among the newspaper men for a lower price on their paper. While we do not have any great sympathy with them in their contention, from some of the editorials we have read, and they do not seem to know what they are talking about, only that they want a lower price on paper, still we think it would be unwise to do anything that would necessitate an increase of price in news. We should recommend, if there is to be any change at all, that it should be decreased rather than increased, in view of the facts stated above.

Very truly, yours,

CASE BROS. (INCORPORATED),
Per R. N. STANLEY, *Secretary.*

MANAYUNK, PHILADELPHIA, *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York, N. Y.

GENTLEMEN: Replying to your favor of the 14th instant, we don't think it advisable to change the tariff on pulp and paper, and certainly not to increase it, as we are very large users of imported pulp, both bleached and unbleached. Our reason for using this pulp is that we were forced to buy it on account of the domestic sulphite

manufacturers getting together and putting a prohibitive price on the domestic pulp.

If there is any change to be made in the tariff, we think there should be a reduction made on the bleached pulp, as it is too high, or, better still, if the Government desires to protect our own forests we don't see why there should be any duty at all on the imported pulps, as it certainly would encourage the use of them and protect our own forests and not affect the domestic sulphite manufacturers, as they have at present virtually no competition outside of the imported pulps.

Yours, truly,

McDOWELL PAPER MILLS,
C. McDOWELL.

HOLYOKE, MASS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: We have your favor of the 14th instant with reference to the present duty on pulps and would state that we are in favor of a reduction in present duties, and in view of the rapidly decreasing amount of pulp wood in this country we trust that the congressional committee will report in favor of such a reduction.

Very truly, yours,

C. E. POPE PAPER COMPANY,
C. W. WHITING, *Treasurer.*

MILTON, N. H., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: Regarding the tariff on mechanical and chemical wood pulp, this company is very much opposed to any increase of the duty; it would work an unnecessary hardship on consumers. We are paying now \$42 for unbleached sulphite, the highest price I can remember. The duty on mechanical pulp should be taken off entirely. The price of this commodity is not regulated by duty, but entirely by the water supply and the ability of the grinders to operate. A drought creates high prices; plenty of water power, low prices. It is a low-priced product normally, and the high freight rates from Canada and elsewhere makes a sufficiently high natural duty to always give domestic pulp an advantage of from \$2 to \$4 per ton.

Yours, truly,

W. S. LOWE, *Treasurer.*

RICHMOND, VA., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: In answer to your letter of the 14th instant, beg to say we feel that the present duty on wood pulp is sufficient to protect the industry of this country, and at the same time the prices obtained for the domestic product are profitable to the manufacturers.

We are not large consumers of foreign sulphite, but we use this product in the manufacture of our paper to some extent, and if the duty on same is advanced, we will consequently have to pay a higher price, which will affect materially the profit on our paper in which this sulphite is used. We are therefore opposed to any advance in the duty on wood pulp.

Yours, very truly,

THE ALBERMARLE PAPER MANUFACTURING COMPANY.
H. W. ELLERSON, *President*.

MIDDLETOWN, OHIO, *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: We are in receipt of your favor of the 14th, requesting us to give you a letter in regard to increasing duties on wood pulp.

In reply would say that this article does not interest us very much, as our usage is very small. However, we think it would be a great mistake for Congress to increase the duty on wood pulp, especially at this time, when there is so much agitation going on in Congress and elsewhere in regard to protecting our forests.

To increase the duty on wood pulp would certainly have a tendency to create more demand for wood in this country, and there is no doubt but what we are all interested in preserving our forests as much as possible; hence the more pulp that comes into this country the more protection we give our forests.

We think, however, that you are unduly alarmed, as we do not think there is any Congressman or Senator that would be so unwise as to raise the duty on wood pulp at the present time, especially after the recent recommendations of President Roosevelt in regard to putting newspaper and pulp on the free list.

Very respectfully, yours,

THE WARDLOW-THOMAS PAPER COMPANY.

BARDEEN PAPER COMPANY,
Otsego, Mich., November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

DEAR SIR: We have yours of the 14th. As we are manufacturers of paper and not of wood pulp we naturally want to buy our pulp as cheaply as we can, and are not in favor of increased duties.

While we believe in protection to home industries, we also believe in competition.

Yours, truly,

G. E. BARDEEN, *President*.
K. BARDEEN.

SEYMOUR, CONN., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: Replying to yours of 14th, we are not large users of wood pulp, but any increase of duty on pulp will affect us in proportion to larger users. We are opposed to any increase of tariff on wood pulp.

Yours, truly,

S. Y. BEACH PAPER CO.

NOVEMBER 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: We have your circular letter 14th, and will say that it is our earnest desire that the duties on wood pulp remain at the present figures. It strikes us they are quite equitable, and we sincerely trust your committee can so convince the proper authorities at Washington.

Yours, truly,

THE BECKETT PAPER CO.,
F. BECKETT, *Treasurer.*

MORRIS, ILL., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York, N. Y.

GENTLEMEN: Answering your favor of the 14th instant, we beg to advise that it is not our wish or desire that there should be any increase or advance on the duty in the pulp schedule.

Any change in the present tariff on wood pulp in the line of an increase would simply add an additional burden to the consumer and the manufacturer, and we trust that no such action will be taken when the tariff is revised.

Yours, very truly,

PRAIRIE BOX BOARD CO.,
B. F. MCKEAGE, JR., *Secretary-Treasurer.*

FORESTPORT, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

DEAR SIR: In reply to yours we will say we have carefully considered the matter, and have decided that, in our opinion, it is for the best interest of the general public that the duty on wood pulp and paper be left where it now is.

Respectfully, yours,

A. R. PENNINGTON & Co.

PARSONS PAPER COMPANY,
Holyoke, Mass., November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: In reply to your letter of the 14th instant, in regard to the duty on wood pulp, would say that we are decidedly opposed

to any advance in duties upon this material. We do not see that there is any need for such an advance, and, as stated, we think it would be much better that none should be made.

Yours, truly,

EDWARD P. BAGG, *Treasurer.*

PHOENIX, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: We are not in favor of a revision of the tariff on wood pulp. As the matter now stands we believe the present duty affords sufficient protection to American manufacturers, allowing them to compete with foreign pulps. To increase the tariff would increase the cost of paper.

A reduction would unsettle values, demoralize business, and be detrimental to the pulp and paper industries of this country.

Yours, respectfully,

OSWEGO RIVER PAPER MILLS.

GREEN BAY, Wis., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
Room 721, 5 Beekman Street, New York City.

GENTLEMEN: Acknowledging the receipt of your communication of 14th, to be perfectly frank with you, we believe it to be to the best interest of the industry, if not ourselves individually, to stand pat on the tariff question so far as it relates to wood pulp.

Your, very truly,

NORTHERN PAPER MILLS,
IVER J. TERP, *Secretary.*

NEW HAVEN, CONN., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York.

GENTLEMEN: Yours of the 14th received, and beg to advise that we can not conceive of any sane argument in favor of an advance in the pulp schedule. While it is against our interest as consumers of pulp, in a broad sense we believe it would be antagonistic to business welfare.

Very truly, yours,

THE NEW HAVEN PULP AND BOARD CO.,
WM. R. SHAFFER, *Secretary.*

BOSTON, *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York.

GENTLEMEN: In reply to yours of 14th instant I believe that any change of the duty on wood pulp, especially an advance, would be an

injury to the paper trade of this country and should not be undertaken. The reasons are too obvious to need repetition to anyone conversant with trade conditions.

Very truly, yours,

NATIONAL FIBRE BOARD Co.,
By STEPHEN MOORE, *Treasurer.*

LEE, MASS., November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: Replying to your favor of the 14th, in which you ask us to express an opinion as to whether we are in favor of an increase in the tariff duty on imported pulp, we beg to state that we are not in favor of such an increase, as we believe it would work an injury to the paper manufacturer, as well as the consumer of paper, for certainly if you increase the duty on pulp it will mean an increase cost to the manufacturer, which he will have to add to the cost going to the trade, or, in other words, he would have to get more money for his paper if the pulp costs very much more. While we are not very large users of pulp, we can see where it would work to a great disadvantage in some grades of papers.

Yours, truly,

MOUNTAIN MILL PAPER Co.,
EDWARD P. STEVENSON, *Treasurer.*

MONROE, MICH., November 16, 1908.

The COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: We are in receipt of your letter of the 14th. While we do not at present use any sulphite in the manufacturing of our product, yet we are interested in all lines of the industry, and we believe it would be a mistake to do any tinkering with the tariff on wood pulp or sulphite, as it simply tends to demoralize business until the thing is settled.

We certainly hope you will make your influence felt on Congress, as we think the tariff is all right as it is and should not be changed.

Yours, very truly,

MONROE BINDER BOARD Co.,
L. W. NEWCOMER, *President.*

EAST DOWNTOWN, PA., November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman street, New York, N. Y.

GENTLEMEN: We wish to enter our protest against any increase of duty on wood pulp.

Yours, truly,

FRANK P. MILLER PAPER Co.
FRANK PARKE.

MEGARGEE PAPER MILLS,
Philadelphia, November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
Room 721, 5 Beekman street, New York, N. Y.

GENTLEMEN: Replying to your favor of the 14th instant on the duty on wood pulp. We are very much surprised to hear that there is any agitation for an increase of the duty on pulp; we supposed the entire agitation was the other way. So far as we have looked into the matter we think the present duty, if worded more specifically, is about right, as it covers, to the best of our knowledge, the difference in cost of labor between this country and foreign labor.

Yours, very truly,

GEO. M. MEGARGEE, *Secretary.*

CHILLICOTHE, OHIO, *November 17, 1908.*
COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York, N. Y.

GENTLEMEN: Replying to your letter of the 14th, it is our firm belief that the interests of the paper trade as a whole, as well as our own interests, will be best served by leaving the duty as it now stands on pulp.

Yours, very truly,

THE MEAD PULP AND PAPER COMPANY,
By GEO. H. MEAD, *General Manager.*

MARION, IND., *November 17, 1908.*
COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: We have your circular letter of the 14th instant in regard to the agitation which is now on regarding the advance in tariff on wood pulps into this country. We certainly would not be in favor of any advance in tariff on wood pulps, nor would we like to ask for any decrease, as we know the situation of the pulp mills. We believe that we would be better off without any change whatever, as with the present duty on wood pulp the pulp mills can make a nice profit on their pulp, and we certainly do not want the duty on pulp reduced so as to compel our pulp mills here to close their plants, nor do we want the duty on pulp so it will prohibit the importation of the same.

We are using considerable foreign pulp as well as American, and we believe that the present duties on pulps are adequate at the present time.

Yours, very truly,

THE MARION PAPER CO. (
H. A. GABLE, *Treasurer.*

TORONTO, *November 16, 1908.*

THE COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

DEAR SIR: Yours of the 14th received. I am manufacturing tissue paper at Dansville, N. Y., and would regret if the import duty on sulphite would advance, as it would so much increase the cost of my material, without any possibility of getting a higher price for my raw material, without any possibility of getting a higher price for my Washington in preventing any further increase in the duty on pulp.

Yours, truly,

J. H. McNAIRN.

LAWRENCE, KANS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: We are in receipt of your circular letter of the 14th regarding the agitation which has recently swept over the country, and regarding the revision of the tariff. We trust that there may be no movement toward an increased duty on pulp. Certainly it would be a disadvantage to us and to all consumers in this part of the country to have the tariff increased on pulp.

Respectfully,

LAWRENCE PAPER MFG. CO.,
PAUL A. DINSMOOR,
Assistant Manager.

YORK PA., *November 16, 1908.*

WOOD PULP IMPORTERS' ASSOCIATION,
New York City.

GENTLEMEN: We do not use any wood pulp and we really do wish to do all in our power to oppose any advance on raw material to protect the interests justly of the paper manufacturers. Anything further we can do in this matter will be cheerfully done.

Respectfully, yours,

LAFEAN PAPER COMPANY.

WATERTOWN, N. Y.,
November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: In response to your circular dated November 14, we have no hesitation in saying that we are not in favor of advancing the duties on wood pulps, and, more than that, we should be in favor of taking all duty off ground wood provided an agreement could be made with the Canadian government that no export duty be put upon their pulp wood. We are, however, in favor of keeping the present duties on sulphite pulps.

Yours, truly,

KNOWLTON BROTHERS.

KALIMAZOO, MICH., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York City.

GENTLEMEN: Replying to your favor of the 14th, we can hardly believe that Congress will think of increasing the duty on pulp, as popular sentiment seems to lean very strongly toward a reduction of the duty. There is no question but that it would be a tremendous disadvantage to the manufacturers if the tariff were raised, as the domestic manufacturers would immediately fall in line and increase their prices accordingly. Of the two, we should much sooner have the tariff lowered a little, but our judgment would be that the present schedule was just about right for the protection of the pulp manufacturers and the paper manufacturer as well.

Yours, truly,

KALAMAZOO PAPER COMPANY.

SENECA FALLS, N. Y., *November 16, 1908.*

MESSRS. COM., ETC.

GENTLEMEN: I object to any change in present tariff on wood pulp.

Yours, truly,

E. S. INGERSOLL.

CASTLETON, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD-PULP IMPORTERS,

New York.

GENTLEMEN: We have yours of the 14th in reference to duty on wood pulp, and would state that we do not buy wood pulp, therefore have no interest in the matter beyond an indirect one. It is our opinion that the duty is high enough to protect the manufacturers in the United States. On account of low-water conditions, we understand pulp is very high just at present. Probably your demands of importations when under normal conditions would be shut off and probably at a loss to importers. However, these conditions are not likely to prevail for long; therefore think our domestic manufacturers can stand it.

Yours, truly,

INGALLS & Co.,

H. H. G. INGALLS, *Secretary.*

PHILADELPHIA, *November 16, 1908.*

COMMITTEE OF WOOD-PULP IMPORTERS,

5 Beekman Street, New York City.

GENTLEMEN: Yours of the 14th received. Our mills are making board from old papers, so that while we join you in your protest against higher tariff, we can not do so as users of pulp.

Very truly, yours,

ELLSWORTH H. HULTS, Jr.

NORWICH, CONN., *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS.

GENTLEMEN: Yours of the 14th received, and we are satisfied with the tariff upon wood pulp as it is at present and do not think it necessary for any advance to be made, as the manufacturers have to pay as much as it is possible for them to do and live and carry on their business of making paper for the market, competing with other foreign papers.

Yours, truly,

THE A. H. HUBBARD Co.,
CHARLES L. HUBBARD, *President.*

POTSDAM, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

Room 721, Beekman Street, New York City.

GENTLEMEN: We have your circular of the 14th, and note contents. We are opposed to any change in the tariff on wood pulp at this time because we are satisfied with the situation as it now exists. We are manufacturers of nothing but ground wood, and therefore an advance of the duty would not be likely to affect us adversely. At the same time, it is our opinion that it is better to leave conditions as they are, as we think that the interests of the paper manufacturers and the paper consumers would best be served by preserving stability in the tariff.

The protection afforded by the present tariff is a reasonable and proper one, and is the result of years of experience. We should not view with favor any reduction, nor do we think that it would be wise to advance the duty, taking into consideration all the conditions which have to do with the operation of the various branches of paper manufacture.

Yours, respectfully,

HANNAWA FALLS WATER POWER COMPANY,
Per E. A. MERRITT, Jr., *Receiver.*

PHILADELPHIA, *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

Room 721, 5 Beekman Street, New York City.

DEAR SIR: We are in receipt of your letter of November 4, requesting an expression of opinion upon the subject of an advance of the duties on wood pulp.

We are users of wood pulp, and in considerable quantity, in our manufacture. We beg to state that the present price of paper is so low and the margin of profit so small that if there is an increase in the duty of wood pulp it can not possibly be borne by our branch of the manufacture and will have to be added to the price of the paper. There is no doubt, therefore, that if the duty is advanced the price of our product must advance accordingly, and as it enters into our paper in considerable percentage the advance of our price will have to be at least proportionate.

Truly, yours,

THE GLEN MILLS PAPER COMPANY,
Per THOS. L. SHAW.

APPLETON, WIS., *November 16, 1908.*

THE COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: Replying to your favor of the 14th instant, we are of the opinion that the present tariff on imported sulphite is all that is necessary to afford proper protection to domestic manufacturers. Strictly speaking, and from a selfish standpoint, it probably would be more to our interest if the duty might be removed; yet, we are believers in the principle of protection, and while sulphite to us is a raw material it is a finished product to others engaged in its manufacture. Certainly we believe that the duty should not be increased.

Yours, truly,

FOX RIVER PAPER COMPANY.

ROCHESTER, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: Replying to your circular letter of the 14th instant, beg to state we are against any change in the tariff on pulp and paper.

Yours, very truly,

FLOWER CITY TISSUE MILLS COMPANY,
By F. M. NEPHEW.

BENNINGTON, VT., *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
Room 721, 5 Beekman Street, New York.

GENTLEMEN: We are duly in receipt of yours of the 14th instant. In reply will say that we see no good reason why the present duty on pulps should be increased. The present price of tissue paper is too low as compared with the present price of sulphite and ground wood, and if the duty on pulps was increased the prices of paper would have to be increased accordingly.

We are opposed to any increase of duty on pulps.

Very truly, yours,

FILLMORE & SLADE,
By H. D. FILLMORE.

FALLSBURGH PAPER MILLS,
Fallsburg, N. Y., November 16, 1908.

AMERICAN PAPER AND PULP ASSOCIATION.

GENTLEMEN: Yours received. We use both foreign and domestic sulphite and ground wood, and am in favor of having the tariff remain as it is on them.

Most truly,

EDW. Y. LE FEVRE.

VINCENNES, IND., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City, N. Y.

GENTLEMEN: Your "circular letter" relating to tariff on "wood pulp" received. In reply beg to say we do not believe the duty on wood or wood pulp will be raised, as the tendency and agitation is just the opposite.

We use considerable "print" in lining strawboards, but we are not advocating the lowering of the tariff as we are not "free traders," and we do not believe the tariff rate will be increased, as your circular letter suggests. We are,

Yours, respectfully,

EMPIRE PAPER COMPANY,
F. W. QUANTZ, *Manager.*

SUNAPEE, N. H., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS.

GENTLEMEN: Replying to your favor of the 14th, we hardly feel that we can support any movement for the sulphite manufacturers to increase the duty on foreign pulp. Our opinion is that with the present duty the domestic sulphite manufacturers ought to be able to compete with the foreign manufacturers, and, even if they do have to undersell slightly the foreign manufacturers, that there should still be a good margin of profit to them.

Our idea of the situation is that the domestic manufacturers thought there was no end to the price they could charge and went beyond the limits of good judgment in their prices, so letting in the foreign pulps.

Very truly, yours,

EMERSON PAPER COMPANY,
W. A. WHITNEY.

P. S.—I am, however, in favor of retaining the present tariff.

PHILADELPHIA, *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York.

DEAR SIR: Referring to your letter of the 14th, we have given the matter of the present duty on wood pulp careful consideration, and from our standpoint we do not see how our interests on this side advance by either raising or lowering the present rates of duty.

We think they are very fair as they now stand.

Very truly, yours,

DILL & COLLINS Co.,
GRELLET COLLINS,
President.

NEW YORK, *November 16, 1908.*

COMMITTEE OF WOOD-PULP IMPORTERS,
5 Beekman Street, New York.

GENTLEMEN: Acknowledging receipt of your circular letter with regard to the tariff on wood pulp, we think it would be unadvisable to make any change in the present rate of duty on the same.

Very truly, yours,

DIAMOND MILLS PAPER COMPANY,
C. G. VAN GILDER, *Secretary.*

PHOENIX, N. Y., *November 17, 1908.*

COMMITTEE OF WOOD-PULP IMPORTERS,
5 Beekman Street, New York.

GENTLEMEN: In reply to your favor of the 14th we regret to say that it will not be convenient for us to attend the proposed meeting.

Regarding the tariff agitation and any intended advance on pulps coming into this country, we can only say that in self-protection we can take but one position—we are unalterably opposed to any advance in the present schedule. It seems to us that when it is known that the supply in this country is short at best, and under adverse conditions such as have prevailed recently the pulp mills have not been able to nearly meet the demand, any person or committee who tried to advance the rates of import would only do so to the great detriment of the paper mills who purchase their pulp. We shall be glad to see their efforts sidetracked.

Very truly, yours,

CRESCENT PAPER AND MACHINE COMPANY.

MARSEILLES, ILL., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: Regarding your favor of the 14th instant, we believe it would be inadvisable to make any change in the tariff on sulphite or pulp, for the reason that it would upset present conditions and increase the cost of all grades of paper and board using this raw material, and we trust that your committee will be successful in preventing any change in the present situation.

Yours, very truly,

CRESCENT PAPER COMPANY,
R. F. KNOTT, *President.*

WEST HENNIKER, N. H., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: Replying to yours of the 14th, we had no idea that there was any prospect of increasing the present duty on pulps. All the agitation we have heard of was in favor of reducing same.

It is our opinion that it would be advisable to maintain the rates about as they are at present.

Yours, truly,

CONTOOCOOK VALLEY PAPER COMPANY,
H. A. EMERSON, *Treasurer.*

HUNTINGTON, MASS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS.

GENTLEMEN: Your circular letter of the 14th received. As we are one of the divisions of the American Writing Paper Company, we have referred your letter to our president, Mr. W. N. Caldwell, Holyoke, Mass. You have the sympathy of this division in your efforts not to have the duty on pulps increased.

The compliments of the writer to each gentleman represented on the committee.

Yours, truly,

CHESTER PAPER COMPANY DIVISION,
E. C. ROGERS, *Manager.*

LITITZ, PA., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS.

New York, N. Y.

GENTLEMEN: We have yours of the 14th instant relative to the possibility of an increase in the duty on pulps, and we wish most emphatically to go on record as being most strenuously opposed to any such legislation.

Yours, very truly,

THE CONSUMERS BOXBOARD AND PAPER COMPANY,
H. J. PIERSON, *General Manager.*

SOUTH HADLEY FALLS, MASS., *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York City.

GENTLEMEN: In answer to your circular letter of the 14th instant, beg to state that you are right in your supposition that we are opposed to any advance in duty on foreign pulp. We might also add that we have the same opinion as the Hampshire Paper Company upon this matter.

Yours, truly,

CAREW MANUFACTURING COMPANY,
W. D. JUDD, *President.*

KALAMAZOO, MICH., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York.

GENTLEMEN: Yours of the 14th at hand, and we certainly should not like to see the duty on wood pulp raised, and we remain,

Yours, very truly,

BRYANT PAPER COMPANY.

HOUSATONIC, MASS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York.

GENTLEMEN: Replying to your favor of November 14, we would say that we are opposed to any increase in the duty on wood pulp. On the other hand, we do not think the duty ought to be reduced. Domestic manufacturers are entitled to protection on their product the same as we ask for ours.

Yours, truly,

B. D. RISING PAPER COMPANY.

ROCKFORD, ILL., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

5 Beekman Street, New York City.

GENTLEMEN: It has come to our notice that there will be an effort made on November 21 to start a movement raising the duty on wood pulp, which, in our opinion, would benefit nobody but a few wood-pulp manufacturers and work a hardship on the consumer of all grades of pulp, which is now almost out of the reach of the manufacturers of the cheaper grades of paper. We, as users of the several grades of pulp, respectfully appeal to you to use every means in your power to prevent this advance.

Thanking you for any efforts you may take, we remain,

Yours, very truly,

ROCKFORD PAPER BOX BOARD COMPANY,
R. WANTZ, *Manager.*

PITTSBURGH, PA., *November 16, 1908.*

GENTS: I am very much opposed to any advance in the present tariff on wood pulp of any kind.

Yours, respectfully,

G. B. ROMMEL.

SCOTCH PLAINS, N. J., *November 17, 1908.*

GENTLEMEN: We are not in favor of adding to the cost of the pulp we are using by having the tariff increased.

Yours, truly,

SEELEY PAPER MILLS COMPANY.

KALAMAZOO, MICH., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York, N. Y.

GENTLEMEN: We have your letter of the 14th in regard to the tariff on imported wood and sulphite, etc., and in answer would say that we do not think the tariff had ought to be interfered with in any way, and that means that we consider it just about right as it is.

Yours, very truly,

STANDARD PAPER COMPANY,
J. H. WHITNEY, *Manager.*

RICHMOND, VA., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

DEAR SIR: Referring to your favor of November 14 in reference to the duty on wood pulp, will state that we think that it would be unwise for Congress to increase the duty on this material, as we ourselves do considerable export business and presume that other paper manufacturers do the same thing.

If the duty were increased on wood pulp of any kind this would naturally throw us out of line with the prices of our foreign competitors in Germany and Sweden.

We hope, therefore, that there will be no change in these duties.

Yours, truly,

STANDARD PAPER MANUFACTURING COMPANY,
R. S. CRUMP, *Secretary and Treasurer.*

FULTON, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: We wish to authorize you in our behalf to make just as strong a protest as you possibly can in the hearing before the Ways and Means Committee at Washington against any advance in the tariff rates on sulphite or ground wood.

There can be no question but that these articles are now sufficiently protected, and if there is any change in the tariff it should be downward rather than upward.

We believe it would be a most serious mistake if any advance in the present tariff rates on wood pulp was made.

Yours, very truly,

THE VICTORIA PAPER MILLS COMPANY,
By E. R. REDHEAD, *President.*

SKANEATELES, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: While we are not large consumers of pulps, we certainly do not want to see any disturbance in the tariff, as that would affect our business in proportion.

We trust you will use your best endeavors to see that no disturbance occurs.

Yours, truly,

CHARLES G. WEEKS COMPANY.

APPLETON, WIS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: Replying to your letter of the 14th, we are not prepared to give you such a letter as you ask for, although upon further investigation it might prove to our interest to give it.

As we look at it, the whole paper industry must be considered as a whole, and if it develops that it is to the advantage of the trade generally to have a higher duty on sulphite pulp, we are willing that it should be put on. On the other hand, if it develops that a lower duty would be of more benefit, then we are ready to acquiesce in that.

With the information at hand now, however, we can not express an opinion either way.

Yours, respectfully,

WISCONSIN TISSUE PAPER COMPANY.

WELLS RIVER, VT., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: Replying to yours of the 14th, we would state that we do not use any sulphite pulp, our raw material being burlap, etc.

We realize, however, that higher duties on sulphite would be a serious handicap to the majority of tissue manufacturers, as the imported article is really necessary to them. We remain,

Yours, very truly,

ADAMS PAPER COMPANY,
H. CRABTREE, *Manger.*

BELLOWS FALLS, VT., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
Room 721, 5 Beekman Street, New York.

GENTLEMEN: We are in receipt of your favor 14th, and would state that in our judgment we believe the duty on sulphite should remain as it is.

Yours, truly,

JOHN ROBERTSON & SON.
C. W. BLACK.

BOSTON, *November 20, 1908.*

The G. W. WHEELWRIGHT PAPER COMPANY.

GENTLEMEN: We understand that you propose to be represented in Washington by way of protest against any increase in the tariff on chemical wood pulp, which is taxed under "Schedule M," as follows: Unbleached, one-sixth of 1 cent per pound, dry weight; bleached, one-fourth of 1 cent per pound, dry weight.

We wish to make a similar protest.

We manufacture in Maine rising 45,000 tons of chemical wood pulp by the soda process, so-called, more than one-half of which we sell to manufacturers of paper, the balance being used in our own paper mills. We think the protection afforded our product is ample under existing law.

We buy about 14,000 tons of chemical wood pulp, mainly unbleached, made by the sulphite process, for use in our paper mills. Of this amount more than one-half is of foreign origin, five-eighths of our foreign purchases being Canadian. The cost of the foreign pulp to us, delivered at our mills, is about \$4 per ton more than the cost of

domestic pulp, and the specific duty amounts to more than 8 per cent ad valorem.

The above figures relate to the years 1907 and 1908. The large proportion of foreign pulp used in these years is mainly due to the fact that in the last part of 1906 and the early part of the year 1907 we found difficulty in obtaining domestic sulphite pulp at reasonable prices.

It would seem that sufficient protection is at present afforded to American manufactures on this item, and that an increase in the rate of duty levied might result in an unnecessary addition to the cost and to the price of paper in this country.

We own three mills, situated in Maine, two paper and one soda pulp mill. Our product of book and surface-coated papers is about 45,000 tons per annum.

You are authorized to make the above representations to the Committee on Ways and Means in our behalf.

Yours, very truly,

S. D. WARREN & Co.

P. S.—We wish to add that no individual or association is authorized to represent us in respect to the tariff on printing paper. We should not object to a revision of this schedule, provided, in connection with it, are fairly considered the present rates of duty on articles entering the cost of manufacture, such as coal, clay, chemicals, and structural materials.

S. D. WARREN & Co.

The following paper was submitted to the committee:

WASHINGTON, D. C., *November 21, 1908.*

THE COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: I represent Finch, Pruyn & Co. (Incorporated), a domestic corporation of New York State engaged in the manufacture of paper and lumber at Glens Falls, N. Y. The production in paper, which is all news print, is approximately 18,000 tons per annum. It saws into lumber from 15,000,000 to 20,000,000 feet per annum. The company employs approximately 500 men in its manufacturing departments and in its woodland operations. The city of Glens Falls has a population of about 20,000, and its staple industry is paper making, there being a mill of the International Paper Company located there. I am manager of the woodland department of the Finch, Pruyn & Co., and, because of the fact that the corporation is next to the International Paper Company, the largest owner of New York State woodland, and is annually cutting a supply of wood from these lands, I am able to supply the committee with accurate figures on the cost of production of pulp wood in New York State, and perhaps in addition to provide an illustration of what the effect of the tariff may be upon woodlands in our section.

Our company owns 160,000 acres of Adirondack forest land. The experts say that the annual growth of spruce and hemlock upon these lands is something like 60 feet to the acre. If we exclude 10,000 acres for burns and waste land, it leaves 150,000 acres and, assuming that the figures on annual yield given by the experts is correct, our

forest would produce something like 15,000 cords of wood per year. The capacity of our present ground-wood mill is about 18,000 tons per year. Each cord of rough pulp wood produces 1,800 pounds of mechanically ground wood, so that our present use of pulp wood for ground-wood purposes is approximately 20,000 cords per year. Because of the fact that our woodlands would not supply sufficient wood for a sulphite mill to supply our sulphite, we have in the past purchased our sulphite in the open market.

The difference between our consumption of pulp wood and the yield from our own lands we purchase in the open market, mainly from Canada. In the year 1907 we purchased 691 cords of rough, 8,028 of peeled, and 1,341 cords of rossed Canadian pulp wood.

In the same season we cut from our own lands in New York State 31,397 cords of pulp wood and logs, the total cost of which, for removal from the stump to the nearest water for floating and driving to our mill, was \$141,115.60. To drive this wood to our mill we expended \$28,001.94, and there was chargeable against it for sundries, office salaries, etc., \$8,708.25, making the total cost of getting this wood from the stump to our mill \$177,824.79, or \$5.66 plus per cord. The stumpage value of this wood it is somewhat difficult to fix, as the rapid increase in the value of stumpage of Adirondack land for various purposes is well understood. However, the generally accepted value of stumpage for pulp wood purposes is from \$2 to \$2.50 per cord and, assuming this stumpage to have an average value of \$2.25 per cord, we get a total cost per cord at our mill of \$7.91 for the wood delivered in 13-foot logs. In making comparisons with the cost of Canadian wood, it should be borne in mind that the Canadian wood is cut into 4-foot lengths, while the New York State wood, from which I have given figures, comes to the mill in the log.

The Canadian wood purchased by this company, as stated above, is bought in the open market at points on the Grand Trunk Railway east of Quebec at \$7 per cord for hand-peeled 4-foot wood, and the rough wood was bought in the same section at \$5.50 to \$6 per cord and the rossed was bought delivered at Glens Falls at \$11 per cord. The estimated cost of delivering 4-foot rough pulp wood at Montmagny and St. Catherine, Quebec, by the sea-coast lumber company, one of the venders of the wood above referred to, was \$2.90 per cord for Montmagny and \$3.30 per cord for St. Catherine. These figures were made up of the items of \$2 per cord for the labor of laying the wood at these points, plus 50 cents per cord in the case of Montmagny and \$1 per cord in the case of St. Catherine for driving, booming, and sorting and 40 cents per cord in each case for stumpage.

We are supplied with figures upon the cost of delivering pulp wood to us at the mouth of the Jacques Cartier River, about 20 miles west of Quebec on the St. Lawrence. The items are \$2 per cord for labor from the stump to the driving water; driving, loss of measurement, rossing, and loading, \$1; total cost of wood per cord, \$3. No account of stumpage value is included in the above figures.

To protect our New York State forest lands and provide for an annual yield, which shall be permanent, we have asked the United States forestry department to supply us with a working plan for cutting our wood and the department is now at work upon such a plan. So long as we are able to make up the deficiency between our consumption and the annual growth of our own wood, at anything like

the present prices for Canadian wood, we shall lumber, under the plan proposed by the United States Department. Should an export duty bar us from the Canadian market, we would be forced to increase the cutting upon our own land, and should the present tariff schedule on news print be reduced so that we would be forced to compete with the Canadian mills, having the chief source of wood supply above referred to, it would be necessary to look to our own wood land for our entire supply of pulp wood, which would mean that in not to exceed twenty-five years the land would be denuded. Were it not for the rapid increase in value of our New York State wood land, it might be that there would be a greater profit in denuding the property and keeping out of the Canadian wood market than under the present plan of operating.

The present tariff schedule is satisfactory to this company, and to reduce it means to compel us to seek our source of supply of raw stock in northern New York; and, while it may mean that we shall be able for some years to compete with the Canadian mills, it plainly means that this can be done only through a sacrifice of the future forest growth in our section. The only way to prevent this effect of any substantial tariff reduction would be for the State of New York to condemn the forest land and pay its present value.

In conclusion I desire to express, on behalf of our company, our approval of the conclusions expressed by Mr. Lyman on behalf of the International Paper Company.

Respectfully submitted.

FINCH, PRUYN & Co. (INC.),
By GEO. N. OSTRANDER,
Manager Woodlands.

The following gentlemen also appeared, representing manufacturers of paper, but did not address the committee:

F. M. Hugo, Remington Paper Company, Watertown, N. Y.

D. M. Anderson, St. Regis Paper Company, Watertown, N. Y.

Geo. W. Wheelwright Paper Company, represented by John T. Wheelwright and George W. Wheelwright, jr.

The CHAIRMAN. I want to say to you, gentlemen, that on Monday we will take up crockery and glassware, and of course it will be evident to you that even if you wait over you would not have an opportunity to be heard. That is a large interest, and a great many people will have to be heard upon that subject. The committee regrets that it can not hear all of you to-day. Perhaps there might have been a little more expedition, but we have tried to rush along as fast as we could. I will say, however, that if you will file your briefs at any time before the 4th of December they will be printed along with these hearings as though they were presented and read before the committee; and the committee will have an opportunity to read them all.

The committee thereupon (at 12 o'clock midnight) adjourned until Monday, November 23, 1908, at 9.30 o'clock a. m.

APPENDIX.

WOOD PULP.

Boston, November 19, 1908.

CHAIRMAN OF THE COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: The Geo. W. Wheelwright Paper Company are manufacturers of paper, with mills producing about 50 tons of paper per day of book grades. These mills are situated in Massachusetts within about 50 miles of Boston. Our location precludes the manufacture of wood pulp, as all forests are distant and fuel is high.

We are using a considerable quantity of chemical wood fibers, both domestic and imported. The soda fiber we use the most of is all of domestic make, but the stronger fiber made by the sulphite process we use more largely of the imported, for the reason that it is of superior quality to the general product of the domestic pulp mills and is sold at a higher price and to a great extent are not competitive, as the domestic pulp is an inferior quality and can not be substituted for the imported, which commands a price which certainly averages a quarter of a cent a pound higher. An increase in the duties would be a hardship on us for the reason that we must continue to buy the foreign product, as the home producers have never supplied pulp of the quality we desire, and we are certain we should be unable to advance our prices to offset increased costs.

There are comparatively few pulp mills whose product is sold to mills using but not producing pulp, and the market for domestic pulp is largely controlled by mills producing and using pulp in the manufacture of paper and selling their surplus. It is doubly the interest of such manufacturers to favor the exclusion of imported pulps by higher duties, as it benefits them both in the sale of pulp and of paper.

For the foregoing reasons we protest against any advance in the duties on pulp.

The present quotations for foreign pulp for immediate shipment are abnormally low, due to the unfavorable business conditions which have prevailed, and should not be considered in any adjustment of duties for the reasons of market conditions, as explained by one of our English correspondents who is well posted. We quote below their letter of October 31:

"With reference to sulphite supplies, would you consider the question of picking up what may be considered a bargain for delivery this year? The point is this: Owing to dullness of trade, many paper makers in this country are not able to take out their contracted supplies, consequently some paper mills in Scandinavia have

stocks inconveniently large. This condition of affairs will, we think, be only temporary, because the price has now sunk below cost of production. A movement is on foot in Scandinavia to reduce production by 30 per cent for three or six months. All Norwegian mills have agreed to this and more than half the Swedish mills. They are, however, waiting for more complete unanimity before putting this plan into operation. In the meantime several mills will shut down for a month or more on their own account without waiting until the pulp associations have come to a decision. It is to be expected, therefore, that during next year the supply will adjust itself to the demand, but in the meantime for financial reasons there are stocks which will be going cheap. If you could take 200 or 300 tons for this year, we could probably make you a special offer.

"We have dispatched to you a sample of our G pulp, and we have to-day sent you a further sample of our T pulp. You have already a sample of the HX. These three brands all run much the same and are popular in this country as being easy bleaching suitable for printings. From one or other of these mills we could possibly supply you with cheap lots for this year. We can not quote at present until we know that you will be open, but on hearing from you we would lay an offer before you.

"Respectfully, yours,

"GEO. W. WHEELWRIGHT, *President.*"

BOSTON, *November 20, 1908.*

TO THE CHAIRMAN WAYS AND MEANS COMMITTEE,

Washington, D. C.

DEAR SIR: We understand that the American Pulp and Paper Association are advocating and are going to present to you on the 21st instant their views as to raising the duty on imported pulps from Europe to 100 per cent.

We are members of the above association, but we wish to go on record as being strongly opposed to any such change in the tariff.

We are not manufacturers of pulp and are obliged to buy all of our pulp for the manufacture of our paper, and while we buy more or less of it made in this country as well as in Canada we still buy a large quantity from Germany and Sweden, for the reason that the quality of our paper demands in some instances a better grade of pulp than can be made in this country. We have never yet seen pulp made here of as good quality as that made abroad, and while there are a few mills here that if they exerted themselves could manufacture this quality, they would not make enough to supply the demand for this grade, and if the duty were raised 100 per cent on the foreign pulp they could make their prices exorbitant. Many of the mills in this country make their own pulp and their own paper together, and have some pulp for sale, and a raise in the duty to this figure would benefit them very materially, but it would be a distinct detriment to the mills like ourselves who are obliged to buy pulp in the foreign market, and a large proportion of the paper so made in this country is made by mills situated in similar circumstances as ourselves.

We trust that no change will be made in the way of an increase of duty on European pulps.

Yours, very truly,

MONADNOCK PAPER MILLS,
A. J. PIERCE, *President.*

Boston, November 20, 1908.

Mr. SERENO PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: This company is opposed to any increase of duty on wood pulp for the following reasons:

Our mill is situated near this city and produces about 30 tons of high-grade paper per day. We buy all of our wood fiber, not being able to manufacture it, owing to the location of our mill. The low grades are almost entirely of domestic production, but many of the higher grades of foreign sulphite fiber are of superior quality to any made in this country, and for that reason we are compelled to use them in order to obtain certain desired traits in our papers.

We are content with the present duty on wood pulp, and believe that it is probably necessary for the protection of the American pulp manufacturers.

We protest, however, against any increase in the said duty. The majority of paper mills in the United States make their own pulp, manufacture the larger part of their pulp into paper, and sell any surplus which they may have. An examination into the cost of paper making and into the price at which these mills sell their paper will very quickly show at what value they take their own pulp when put to their own uses, and tend to confirm our belief that they already have ample protection.

Very respectfully, yours,

TILESTON AND HOLLINGSWORTH COMPANY,
GEO. F. CHILD, *Treasurer.*

SURFACE-COATED PAPERS.

ELIZABETH, N. J., November 19, 1908.

BRIEF SUBMITTED BY THE CAMPBELL ART COMPANY, OF ELIZABETH, N. J., TO THE COMMITTEE ON WAYS AND MEANS, HOUSE OF REPRESENTATIVES, WASHINGTON, D. C., CONCERNING TARIFF REVISION AS RELATED TO PHOTOGELATIN PRINTING.

The photogelatin printing process was introduced in this country about 1871, and while it has flourished mightily abroad, especially in Germany, it has never secured in this country the place which it is entitled to hold as the best process for the reproduction of art pictures and kindred work, where fine details and graduation of tones are required.

On the 17th of this month the Government Printing Office called for bids on nearly 3,000,000 photogelatin prints as illustrations for an important publication where the above-mentioned qualities are absolutely required. There are not three photogelatin plants in the United States capable of turning out this work within the desired time, and the reasons are not far to seek—the low duty on foreign photogelatin work and the tremendous difference in the cost of labor and materials between Germany and the United States tell the story.

No photogelatin power presses are made in this country, and we have to pay a 45 per cent duty on such a machine. The finished

product of a photogelatin press in the form of post cards come in under the customs tariff as printed matter, on which a duty of but 25 per cent is imposed, which is manifestly unfair and a discrimination in favor of foreign capital and labor. I find no fault with the 45 per cent duty on the press, but I submit that the duty on the finished product should, to say the least, be no less. I speak of post cards because they represent the largest single item of imported gelatin work.

I think I am within the truth in stating that two years ago more than 75,000,000 photo-gelatin post cards were imported. I have not the data regarding last year. Practically none of this work was done here, although we needed it badly enough. Many of these cards are hand colored, but come in under the same 25 per cent duty, which is a still harder proposition for the manufacturer here as it involves more cheap labor, not to mention the very prevalent impression that some of these hand-colored cards come in at certain ports of entry under the classification of "lithographs," "chromos," etc., at 5 cents per pound, which would bring the duty down to an absurdity on this class of work.

There is a large business in these cards in South America, about one-half as much as in this country, but under the present conditions we can get none of it; the same is true of Mexico and Canada. If we can not secure any part of this trade, I submit that we should at least be protected in our own country.

The following is a comparative scale of wages which shows where we find ourselves on the labor problem:

	Germany.	United States.
	<i>Per week.</i>	<i>Per week.</i>
Photographer.....	\$8.00	\$25.00
Retoucher.....	\$5.00 to 8.00	\$15.00 to 25.00
Platemaker.....	6.00 to 8.00	20.00 to 30.00
Printer.....	7.00 to 9.00	18.00 to 25.00
Feeders.....	1.50 to 2.00	8.00 to 6.00
Other handling and finishing (by women and girls).....	1.50 to 3.00	2.50 to 6.00
Hand coloring.....	2.00 to 4.00	8.00 to 12.00

Certain features of this process call for skilled labor, which it is almost impossible to get in this country, and we are restrained under the law from making contracts for foreign labor. If men of the required ability come here of their own accord, the labor unions immediately get hold of them and settle the wage question for them in a hurry. Any relief, therefore, in the way of cheaper labor is exceedingly remote.

Concerning the principal materials entering into our work, we find ourselves in practically the same position, as the following figures will show:

	Germany.	United States.
	<i>Per pound.</i>	<i>Per pound.</i>
Paper.....	\$0.08	\$0.13
Gelatin.....	.60	\$0.95 to 1.25
Ink.....	.50	.95

Of course, if paper were on the free list, that would be of great help to us. We do not ask that, but do ask that the adequate protection of one industry shall not operate as a disadvantage to us because we are not properly protected.

The duty on machinery, gelatin, ink, and paper is, in every case, higher than the duty on photo-gelatin printed matter, and possibly no further argument should be necessary to demonstrate the fairness of an advance in duty on the latter. As to how much this advance should be, those whom I represent, in a measure, here, differ, as the briefs will show, ranging from a minimum of 45 per cent to a maximum of 100 per cent. The Campbell Art Company, for whom I speak directly, feels that a maximum of 75 per cent and a minimum of 60 per cent ad valorem would be equitable and reasonable in view of the figures just given, which can readily be authenticated, concerning the relative cost of labor and material here and abroad.

On the basis of such an advance it is probable that ten presses would soon be running where one is in operation to-day, and that many hundreds of both skilled and unskilled workmen would find steady employment where scores are busy to-day.

I submit briefs and letters from the Albertype Company, of Brooklyn, N. Y.; Meriden Gravure Company, of Meriden, Conn.; Campbell Art Company, of Elizabeth, N. J.; The Photogravure and Color Company, of New York; Carey Lithograph Company, of New York; E. Moebius, of Camden, N. J.; Heliotype Company, of Boston, Mass.; Taber Art Company, of Springfield, Mass., constituting practically all of the important concerns in this country in this line of work.

We buy our materials, manufacture our products, and sell our goods in this country. There is no combination among the people engaged in this line of business, and I can assure you that the competition between ourselves is keen enough to protect the public so far as prices are concerned. What we want and ask for is such measure of protection as will keep our factories running and our people employed. We think that we are at least entitled to as fair treatment as is accorded to others, and this we feel we are not receiving at the present time.

All of which is respectfully submitted.

ARTHUR F. RICE,

Vice-President Campbell Art Company, Elizabeth, N. J.

The following letters were filed with the committee by the Campbell Art Company:

123-125 FEDERAL STREET, CAMDEN, N. J.

Tuesday, November 17, 1908.

MESSRS. CAMPBELL ART CO. (MR. A. F. RICE, VICE-PRESIDENT),

Elizabeth, N. J.

DEAR SIR: Replying to your communications of November 12 and 16, I regret that I shall be unable to be present at the hearing on November 21. However, as you desire my views on the subject, I will state that it appears to me only reasonable that the duty on the printed work should be equal, at least, to that imposed on the photo-

gelatin press, and for the benefit of those interested in the printing in this country as much more as possible. As matters stand at present, it is impossible for printers to compete with the foreign price on photogelatin work, and it is to be hoped that any endeavor to have the duty on imports of this nature increased shall meet with the success fairness justifies.

Would be pleased to receive copy of the laws.

Very truly, yours,

E. MOEBIUS.

BOSTON, MASS., *November 17, 1908.*

MR. ARTHUR F. RICE, CAMPBELL ART CO.,
Elizabeth, N. J.

DEAR SIR: Your favors of the 12th and 16th in matter of the duties on gelatin printing at hand, and, of course, writer is strongly in favor of an increase in the present rate on such work. The postal-card situation illustrates forcibly the need of such increase. We have figured a number of times on large orders of cards, but have been informed by the prospective customer that our prices were much more than the ones obtained from Germany. As this business has attained such large proportions, it would seem only right that the American manufacturer and workman should have an equal chance with the foreigner, especially as post cards can hardly be classed as anything else but a luxury. The cost of production, of course, applies equally to other uses of the process. A lot of work for special publications is now done abroad, in some cases apparently paying no duty whatever, as writer remembers hearing of a large book of photographs of views sold to artists and architects which was all large page illustrations printed by gelatin process, but with the title (a few words—the name of the town or building) printed in French or German, entering the country as a foreign-language publication and therefore free of duty.

Writer would like to be present at the hearing, but circumstances prevent. He wishes you all success in your efforts in behalf of the trade, and if he finds any opportunity to help along the cause, will certainly take advantage of it.

Very truly, yours,

(Signed) W. C. RAMSAY.

NEW YORK, *November 17, 1908.*

MR. A. F. RICE, VICE-PRESIDENT CAMPBELL ART CO.,
Elizabeth, N. J.

DEAR SIR: We are in receipt of your favor of the 16th instant, in regard to meeting of the Ways and Means Committee to be held at Washington November 21,

Mr. Witterman, of the Albertype Company, in Brooklyn, visited us and talked this matter over, and we assured him that we would do our share in bringing about the desired revision of the tariff.

Thanking you for bringing this matter to our attention, we are,

Yours, very truly,

CAREY LITHOGRAPH COMPANY.

NEW YORK, November 17, 1908.

CAMPBELL ART COMPANY,
Elizabeth, N. J.

GENTLEMEN: In reply to your favor of November 16, wish to say that I should have been very glad to join with you in your effort to revise the present tariff on pictures, but the time is so short that I do not think I can arrange to go to Washington on Saturday.

Of course we are more interested in the duty on photogravure plates and prints. One trouble is that our fine work has to be printed on imported paper, on which there is a heavy duty. This places us at a disadvantage with the foreign houses, because they get the paper much cheaper; and with a small duty on the prints makes it difficult for us to compete with them.

It would be better for all of us if the duty on fine paper that can not be made in this country was reduced and the duty on the pictures printed on this paper increased. That would place us in a position to sell our goods in South America and Mexico.

I should like to have an interview with your representative who is going to Washington, and I might be able to suggest something that would be to our mutual benefit.

The photogelatin printers of this country are constantly going into competition with the photogravure houses in Europe.

Yours, truly,

PHOTOGRAVURE AND COLOR COMPANY,
KARL A. ARVIDSON.

MERIDEN, CONN., November 18, 1908.

MR. ARTHUR F. RICE,
Vice-President Campbell Art Co., Elizabeth, N. J.

DEAR SIR: Regret to say it will be impossible for me to appear before the Ways and Means Committee on the 21st, and should be glad if you could represent us, as well as yourself, at that time.

We hold that the present tariff on photo-gelatin work is wholly inadequate to put us on an even footing with the German manufacturers, when the wages paid, hours worked, and cost of materials on the other side are considered.

We also hold that it is a manifest injustice to compel us to pay 45 per cent duty on machinery for this process (and we can get this machinery in no other way than by import), and then protect us on the product of the machinery by only 35 per cent or less.

Very truly, yours,

THE MERIDEN GRAVURE COMPANY,
J. F. ALLEN, *Treasurer.*

CHICAGO, November 16, 1908.

CAMPBELL ART COMPANY,
Elizabeth, N. J.

GENTLEMEN: We have your letter of November 12, which was forwarded from our old address.

The tariff relative to the photogelatin industry is, as you say, manifestly unjust and we are cordially in sympathy with any movement which has in view a readjustment of this matter.

Considering the impossibility of American photogelatin firms of competing with European firms under the present tariff, we should suggest that the presses come in free and that a duty of 100 per cent or more on the finished product would be putting us on a more equitable plane of competition.

Thank you for calling our attention to this important subject and for the interest you are taking in the matter.

Very truly, yours,

WESTERN PHOTOGRAPHURE COMPANY,
JOS. SCHOENINGER, *President*.

BROOKLYN, N. Y., *November 17, 1908.*

MR. WM. K. PAYNE,

*Clerk of the Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: The photogelatin-printing business has been established in the United States for a quarter of a century, but has remained diminutive in comparison with the extent it has now acquired in Europe, and especially in Germany.

The printing by this process is slow and greatly subject to the influences of weather and temperature. The cost of labor therefore is larger proportionately than that of other printing methods.

The wages paid to workmen in our branch are on the average:

	United States.	Germany.
Steam printer.....	\$20.00 to \$25.00	\$7.00 to \$9.00
Plate maker.....	25.00 to 35.00	7.00 to 8.00
Reproduction photographer.....	20.00 to 35.00	7.00 to 8.75
Photographic retoucher.....	15.00 to 24.00	6.00 to 7.00

Rents and other business expenses show a similar proportion. Paper and cardboard of American manufacture cost two to three times the German prices for equal grades.

A great contributor to the rise of the photogelatin printing in Germany of late years has been the growth of the illustrated post card. The production of the American view and art post card has almost been monopolized by German manufacturers, whose agents here pick up the views of every city, village, and crossroad, of every scene, of any advertising subject, and send it to Germany to have 500, 1,000, or more post cards made of a subject. Not that we could not make an equally good article, but the German manufacturer can produce the 1,000 plain gelatin post cards for $7\frac{1}{2}$ marks, or \$1.80, while we can not produce the 1,000 under \$5 or \$6.

The imported gelatin post card comes under the customs tariff schedule of printed matter and pays 25 per cent duty.

We hand color many gelatin post cards of our own make, giving thereby employment to 3 artists and 15 girls.

The importer also brings over many hand-colored post cards, omits the designation "hand colored," and is enabled thereby at some ports

of entry to pass them as lithographs between eight one-thousandths and twenty one-thousandths of an inch in thickness at 5 cents per pound.

The majority of colored post cards are lithographs or chromolitho, and pass at the same rate of duty of 5 cents per pound, equal to about 75 cents per 1,000 post cards.

Here exists a flagrant discrimination against the American manufacturer. Compare f. i. the tariff schedule: Lithographic cigar labels in less than eight colors, 20 cents per pound; lithographic cigar labels in eight or more colors, 30 cents per pound.

The German-made colored post cards vary between six and ten colors and pay only 5 cents per pound duty, while they are printed on the same lithographic presses as the cigar labels, with the exception of the great minority of gelatine hand-colored make.

Holiday cards, calendars, booklets, advertising cards, hangers, novelties, and pictures of many kinds share in the same discrimination. Post cards, being of recent growth, have not before come to the attention of the Congress. They are more commercial than educational, are largely used for advertising towns, resorts, real estate, and any kind of mercantile enterprise.

Well might the domestic manufacturer receive his fair share of this trade, instead of four-fifths of post cards being imported.

The unlimited cheapening of the article through foreign competition can not be said to have made it more lucrative to the retail trade, but has tended to depreciate it in the public estimation.

By the official report on the commerce of the United States, there were imported under the head of "Books, music, engravings, etchings, photographs, and other printed matter," in the fiscal years ending June 30, 1905, free, \$2,609,181; dutiable, \$1,980,677; 1906, free, \$3,000,326; dutiable, \$2,599,622; 1907, free, \$3,379,182; dutiable, \$3,072,127.

The European apprentice systems further contribute to the low cost of foreign labor, while here we do not have any unpaid labor.

Many smaller importations of post cards, fancy cards, other printed matter, photographs, and engravings come by mail cheaply and quickly, thus further diminishing the chances of the domestic manufacturer.

The photographer, as a rule, can not afford to copyright his scenic views, nor does the law ultimately protect him, according to recent decisions of the United States courts. The photographer's views, therefore, are the prey of the foreigner's agent. Example: We instruct our traveling photographer to photograph for us certain scenes in Oregon or Texas. He does it at great expense. We publish the views in the form of post cards or a souvenir book or a calendar. The foreigner, through his alert helpmate here, buys the finished article for a few cents and sends it to Europe for copying. In a short while our market, local or general, becomes flooded with cheap copies. The domestic manufacturer may then turn his wits to new fields, but the mail offers such easy facilities to the copyists here and abroad that to-day the American lithographers and kindred trades have resigned themselves to the conclusion that post cards and similar articles belong to the foreigner.

THE ALBERTYPE COMPANY.

BROOKLYN, N. Y., *November 18, 1908.*

I, Walther Hoeschel, married and residing at 179 Thirteenth avenue, Astoria, Queens County, State of New York, and working as a photographic retoucher with the Albertype Company, Brooklyn, N. Y., for the past three years, and previously with Stengel & Co., photogelatin printers, Dresden and Berlin, Germany, two years, testify from my own knowledge that in Germany, in the photogelatin printing line, a first-class photographer earns 20 to 35 marks a week (\$5 to \$8.75); retoucher earns 18 to 25 marks a week (\$4.50 to \$6); apprentices, some nothing, others earn 2 to 4 marks a week (50 cents to \$1).

In every branch of the business apprentices are engaged, almost one to every workman. Girls feed the power presses.

To this statement I subscribe my name,

WALTHER HOESCHEL.

Subscribed and sworn to before me this 18th day of November, 1908.

[SEAL.]

HENRY STÜBING,
Notary Public, Kings County, N. Y.

NEW YORK, *November 19, 1908.*

MR. W. K. PAYNE,

*Clerk of the Committee on Ways and Means,
Washington, D. C.*

DEAR SIR: We have been advised that a hearing regarding tariff schedule covering papers, books, etc., will be held next Saturday, and that the subject of photogelatin printing will be heard in connection with this schedule. As figures and other data pertaining to this subject have undoubtedly been submitted by other parties, we will, in order to avoid repetition, refrain from stating same, but we wish to submit this undeniable fact:

American efforts and American capital have created a demand for gelatin printing in this country, a demand which is constantly increasing through our work, while European establishments, principally German, are getting the results. Large contracts for postal cards, art subjects, etc., are continually placed on the other side and executed, and this is not done for reasons of superior workmanship, but simply on account of our inability of competing with foreign quotations.

Yours, very truly,

CAREY LITHOGRAPH COMPANY.
PETER J. CAREY, *President.*

DECALCOMANIA, OR LITHOGRAPHIC TRANSFERS.

NEW YORK CITY, *November 18, 1908.*

THE HONORABLE WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: On behalf of the importers and dealers of decalcomania, or lithographic transfers, we herewith beg to present our views on the rate of duty for the consideration of your committee as

to the classification for duty purposes under the tariff to be promulgated.

A brief résumé of the tariff history of this merchandise may be instructive in the light of argument, pro and con, which will be advanced on this subject by your committee.

Ever since the decalcomania, or lithographic prints, were introduced into this country for the decoration of china and earthen ware, as well as numerous other materials, these lithographic prints have been properly classified under paragraph 400 of the Dingley tariff and previously under the Wilson tariff as lithographic prints from stone, zinc, aluminum, etc., at the rate of 20 cents per pound, net weight. This rate was the subject of a distinct understanding between foreign and domestic dealers on these goods at the time the present tariff was being framed, as per evidence before the Ways and Means Committee. These decalcomania, or transfer pictures, are known throughout the trade as lithographic prints, and manufacturers of these decalcomania in Europe style their firms as lithographic establishments.

Decalcomania is a form of a lithographic print now used very extensively in the decoration of pottery and other materials the world over. The name decalcomania does not indicate the real difference in any essential feature from the term "lithographic print," and the only difference between decalcomania and the common lithographic prints lies in the fact that a decalcomania is printed on gummed paper, so that it may readily transfer from the sheet on which it is printed to some other object. It may be said right here that this gummed paper is not a surface-coated paper, neither in a technical nor commercial sense, because a surface-coated paper has a permanent surface coating, while the gummed paper which is used for the decalcomania has the gum coating only for the purpose of transferring the lithographic print thereon upon the object, as aforesaid.

Before the adaptation of decalcomania to pottery decoration pottery was decorated with so-called "printed and filled-in" patterns, i. e., the outline of a pattern was engraved on a copper plate and from same, with the aid of printing paper, transferred upon the ware, and colors were then applied to this outline or design by a brush in the hands of a workman. This process has become obsolete since the introduction of decalcomania. The colors are now all printed and the pattern made complete in all colors on the paper, and from this paper the pattern is transferred by one process to the ware. This reduces to a considerable extent the cost of hand labor required in pottery decoration, and since hand labor is and always has been much more expensive, and skilled labor particularly so much harder to obtain in America than in those European countries where pottery has been made for many years, it was decalcomania which has placed the American potter in a position to compete with the imported foreign goods.

From the time when pottery was decorated in this country until 1899 or 1900, the above-described process of printing and filling in by hand with colors was the only method of decorating used by the American potter, and all the materials, as printing paper and ceramic colors, necessary for the decorating, were imported. By adapting decalcomania and importing same from Europe, the potter is practically importing the same materials which he formerly im-

ported, eliminating the high cost for skilled labor, and thus enabling him to compete against foreign importers of china, not to speak at all of the higher artistic standard of decalcomania compared with printed and filled-in patterns. At the time the Dingley bill was formulated there were decalcomania transfers imported from Europe, but only for use on other materials, not on pottery. Therefore ceramic decalcomanias are not specifically mentioned in that bill. It was only about 1900 that the use of decalcomania became quite general with the potters, and since then it has become almost a universal process of applied colors in pottery decoration. With the growth and development of the pottery industry, the importations of decalcomania grew readily, and for some years there was no question raised as to the propriety of classifying it as lithographic prints under paragraph 400. When decalcomanias were first used by the potters, there was absolutely no manufacturer in this country, but there were a large number of such establishments in England, France, and Germany employing a large corps of artists in designing their patterns, and the work of these artists was therefore made available for the use of the American potters. Naturally decalcomania took the place of the raw materials the potter had previously imported in the form of pigments, colors, and printing paper.

Now, if this material had been specifically mentioned along with lithographic prints in paragraph 400, no question would or could ever have been raised as to the propriety of that classification; but because decalcomania is nowhere mentioned, the opportunity was given to the American lithographers who later began to manufacture this material, to raise a technical question and to seek the classification of the decalcomania under some schedule paying a higher rate of duty than lithographic prints. Repeated efforts have been made, particularly by one domestic manufacturer of decalcomania, to have these reclassified, first, as cigar labels; second, as manufactures of metal at 45 per cent ad valorem; third, as manufactures of paper at 35 per cent ad valorem; and fourth, as surface-coated paper at 20 per cent ad valorem and 3 cents per pound, and this is the present rate of duty assessed on these goods. The higher rate of duty was sought by the above-mentioned domestic manufacturer in spite of the fact that he has repeatedly and in many cases been able to sell his goods at a lower price than the imported article could be offered. It is a notorious fact, and the leading American pottery manufacturers will offer testimony to the effect, that the American manufacturers of the decalcomania do not and can not obtain as high a price for their decalcomania as the foreign importers on an average, for the reason that the American decalcomanias have been confined almost exclusively to the cheap lines and to copies of the foreign designs. In decalcomania, as in every other line of applied art work, originality commands a price.

While no doubt it would be possible to have produced a limited number of original designs in this country, yet there is by no means available here the great body of artists who are seeking commercial employment in Europe.

In this connection it may be mentioned that in all instances where the domestic manufacturer offers his goods at a lower figure than we have been able to sell them and where his decorations have been copies of our patterns, the importers and dealers in these goods were

subjected to a very severe loss, because the importers had to pay the European manufacturers for all the expense connected with the creation of these decorations.

As above stated, these decalcomanias are lithographic prints and nothing but lithographic prints and can not be considered as anything else, and in support of this contention we beg to refer to the following Treasury and Appraisers' decisions:

Treasury decision 24748; Treasury decision 25312, paragraph 1486; Treasury decision 25385, paragraph 1868; Treasury decision 25482, paragraph 2353; Treasury decision 24827; Treasury decision 1765; General Appraisers 3700; Treasury decision 17669; Treasury decision 17897; Treasury decision 25863; General Appraisers 5873; Treasury decision 25676, paragraph 3723; General Appraisers 5445; Treasury decision 25848; General Appraisers 5459—

And therefore claim and maintain that the present reclassification of lithographic transfers as surface-coated paper is erroneous and absolutely misleading.

Surface-coated paper is a material produced from ordinary mill paper and covered with coloring matter intended to remain permanent on the paper, and is used for binding, covering, and general manufacturing purposes, and the term "surface-coated paper" is never used to apply to lithographic work, as the application of color is not obtained by means of a lithographic stone.

This reclassification obtained by the domestic manufacturer was based upon a court decision rendered in the absence of any contesting testimony, in the absence of the importing interests, no evidence having been furnished by the importers. At the hearings before the Board of General Appraisers no witness produced by the Government had other than a "general knowledge" of what a decalcomania was, with one exception—the treasurer of the American Lithographic Company, who stated, speaking from forty years' experience, that "decalcomania process is a lithographic process entirely, although the prints are generally known as decalcomanias."

We importers are confident that if we would have had any knowledge of the proceedings before the court in Philadelphia and if we would have offered our testimony, that the decision of the court would have been to the effect that decalcomanias are lithographic prints; however, we are contemplating an appeal to a higher court, but since a new tariff bill appeared imminent, we decided to let the matter stand until we could submit our side of the case to the Ways and Means Committee.

"Surface-coated paper" and "decalcomania," both articles have a well-defined commercial meaning. Decisions of the court have been uniform in holding as a settled rule of construction of revenue laws that the duty to be imposed on an article is according to the designation of such an article as understood and known in the commerce of the United States and not with reference to the materials of which it may be composed or to the use to which it may subsequently be put.

As said above, these decalcomanias are lithographic prints from stone, which can be proven beyond doubt by explaining the method of manufacture, the process being identically the same as in the manufacture of lithographic prints provided for in paragraph 400, as the following will illustrate:

The intended floral or figure designs are first produced by artists in the form of a water-color sketch; this sketch is then turned over to the lithographer, who, following the general lithographic process, will make the drawings provided for each color on lithographic stone. When all the drawings are completed, the stones are etched in the same manner as applied to all lithographic processes and then from the stones so prepared impressions are taken and are transferred to large lithographic stones, which are used in the lithographic press for printing. The process of printing is exactly the same as the process used for printing every lithographic picture, and the same machines are used here in America as well as in Europe.

We submit samples showing the procedure which is followed in the manufacture of those prints in the different stages of color application, and we also submit samples of lithographic prints and decalcomanias showing the same design. Both are printed from the same stone. The lithographic print or chromo is printed with ordinary printing colors, while decalcomania is printed with ceramic colors, but they are both printed from the same stone, and neither technically nor commercially is there any difference between the two lithographic prints.

In consideration of the above facts, we think that there can not be any doubt that decalcomanias are lithographic prints and should be assessed as such when imported, and it is the desire of the importers and dealers in decalcomania to have these goods specifically mentioned under the head of lithographic prints, for the purpose of avoiding, in the future, disputes as to the classification of these goods, which disputes not only handicap the importers, but which have proven a serious drawback to the consumers of our goods, mainly the American potters, who are the principal users of this raw material.

While we admit the contention that the domestic producer should be protected as far as possible, the American potters have always looked, and are now looking, to the importers for their decorations, for the reason of their variety and their artistic conception and being the outcome of the combined talents in Europe of artists employed by the European decalcomania manufacturers and in the foremost European china factories. The ideas and suggestions offered by these foreign artists have enabled the importers of foreign decalcomanias to give to American potters the immediate benefit of European talent and art for application on their own wares, thus enabling the American potter to enter into immediate competition with the imported article. Should these decorations be excluded in the future by reason of an excessive tariff, it will mean a severe setback for the American potters, as they will no longer be able to compete with the foreign product, and any increase in duty on the decalcomania, which increase would immediately be followed by a proportionate increase in the price of the domestic article, would reduce the protection of staple productions in the pottery line, for which there is a most popular demand. Such an increase in duty on decalcomania would afford greater advantages for the importation of foreign goods, thus defeating the principle of protection for the benefit of a comparatively small industry, employing at the utmost 100 people, at the expense of crippling an industry employing 25,000 people and involving a yearly output of about \$18,000,000.

It is a matter of common knowledge that conditions for some years past have been adverse to the American pottery industry. It has been confronted by conditions in foreign competition that were not foreseen ten years ago. It is a safe assertion that the opportunity afforded him to use foreign decalcomania transfers, thus greatly improving the style and variety of his decorations, is the only important thing that has kept him in the market with comparative success against a most vigorous and aggressive foreign competition.

Just at this time the American potters are entering into a new field, developing their goods technically and artistically by making translucent wares, equal in quality to the European china, and furthermore by producing fancy specialties besides the common staple goods. It is imperative and absolutely necessary for the American potters that their future goods are decorated as perfectly and artistically as the European goods, and in order to do so the American potter absolutely needs the foreign decalcomanias, made by the same artist who produces the decorations for the European china factories. No greater hindrance could be thrown in his way to the front than by laying a prohibitively high duty on the most important raw material which he uses to-day.

The foregoing, perhaps, represents the sentimental reasons why decalcomania transfers should be brought in under a favorable duty regarding them as an essential raw material in the manufacture of American pottery, but aside from this, decalcomania is in the strictest technical sense a lithographic print, and altogether aside from any interest the American potter may have in this subject, it is entirely consistent and proper that decalcomania transfers and lithographic prints should be assessed an identical duty.

Therefore in conclusion of the above we respectfully beg to submit our argument, resting briefly upon the two facts: First, a printing from a lithographic stone can be nothing but a lithographic print, no matter to what purposes that printing may be applied subsequently to the impressions being taken upon some yielding surface; second, these lithographic prints are the most important and essential raw material used solely by the American pottery manufacturers, and as such should receive a favorable consideration when embodied in a new tariff act.

Respectfully submitted.

THE COMMITTEE OF IMPORTERS AND MANUFACTURERS
OF DECALCOMANIA TRANSFERS.

CERAMIC TRANSFER CO.,

21 Washington Place, New York.

RUDOLF GAERTNER,

299 Broadway, New York.

THE PALM BROS. CO.,

OTTO PALM, Jr., *President,*

148 Chambers St., New York.

• BOOKS.

ST. LOUIS, *November 19, 1908.*

To the HONORABLE COMMITTEE FOR REVISION OF THE TARIFF.

RESPECTED SIRS: It is hardly to be doubted that in your work of revising the tariff rates for the various import articles your attention will have been attracted to the fact that books published in a foreign country in a language other than English pass our custom-house duty free. Even upon the risk of doing something that might be adjudged superfluous by you, we desire to respectfully call your attention to this fact anew, at the same time begging leave to politely suggest to your honored committee that this practice is hardly in conformity with our principles of protection. It is true many of the books printed in a foreign language in a foreign country are of such a nature that their production does not collide with any prerogatives of American labor, inasmuch as the demand in this country for such books would be too small for any American publisher to feel encouraged in the undertaking of their publication, but it is also a fact that American publishers whose peculiarity of business or trade gives them more or less work in foreign languages designed for home consumption will, under the prevailing conditions, find it decidedly to their individual advantage to farm out such work in Europe, thus taking away from American labor what legitimately belongs here.

We respectfully hold that the customs office should make a distinction between books published in foreign countries for foreign markets and only sporadically introduced into this country by importers and books published in foreign countries with the obvious intention of marketing them in this country—in fact, made in Europe for American publishers and bearing the American publishers' imprint on their title-pages.

Without undertaking to make definite suggestions to you as to a rate to be applied or as to exact demarcation between the one class and the other, we simply desire to submit this to your attentive consideration as we know from personal experience that thousands of dollars worth of such productions are brought into this country duty free, which otherwise would have to be produced here and would redound to the advantage of American labor, although the publishers in that event might be obliged to place a higher market price on such goods if produced in this country.

Thanking you in advance for your kind consideration of this question, we are,

Very respectfully, yours,

CONCORDIA PUBLISHING HOUSE,
E. SEUEL, *General Agent.*

PRESS BOARDS.

TO HON. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

DEAR SIR: We have the following facts to lay before you and the committee in reference to the higher grades of press boards:

The present duty on the lower grades is ample, but on the higher grades it is inadequate.

The high-grade press boards are known in the American market as press board, press paper, and sometimes as Fuller's boards. In the European market they are often simply called cardboard or press cardboard.

This product does not appear in the present schedule. It is commonly included under miscellaneous paper products like boards or cardboards, but it is an entirely different manufacture. Cardboards are made largely from a waste product or from wood pulp. Press boards of these higher grades are made entirely from the best kind of new rags, and are finished by continuous, long, and repeated rolling and by friction surface burnishing, which consolidates and highly surface-finishes it, so that it is a radically different article from the common wood, straw, or binder's board. The price per ton often rises to \$400, according to the labor spent in the rolling and surface-finishing.

Present law, see schedule M, paragraph 407.

Change desired: On the higher grades, selling from 8½ cents to 20 cents per pound, 35 per cent to 70 per cent.

Reasons therefor: These high-grade press boards are manufactured from rags, and not at all from wood pulp or waste papers.

Amount of product in the United States is estimated about 6,000 tons per year on all grades.

Price of high grades of press board as sold in the market is 8½ to 20 cents per pound, according to the quality.

Product used for what purpose: Finishing textile goods, especially silks, woollens, and knit goods.

Number of persons interested in the industry are estimated at about 250.

Percentage of labor to cost of material in finished product of the high grades of press board: Approximately 80 per cent and upward of cost of product is labor only.

PRESENT COMPETITION FROM ABROAD.

It is active and increasing. Owing to the lower price of labor abroad, foreign manufacturers are able to pay freight charges, a profit to the paper dealer or middleman, and the present duty of 35 per cent, and still undersell us in this country. This is true to such an extent that at the present time we manufacturers here are shut out of our own home market when we try to sell our high grades of press boards.

DIFFERENCE IN AMOUNT PAID LABORERS IN THIS INDUSTRY HERE AND
ABROAD.

The average price paid a workman here for finishing press board will run from \$2.25 to \$3 per day, and for the same labor abroad, for finishing, the workman is paid from 75 to 90 cents per day.

The foreign manufacturer has little if any advantage over us excepting as to labor, but in our particular product, this highly finished press board, the cost of the labor is fully 80 per cent of the entire cost of the product; hence his advantage is so great that he controls our home market on the high grades of press board.

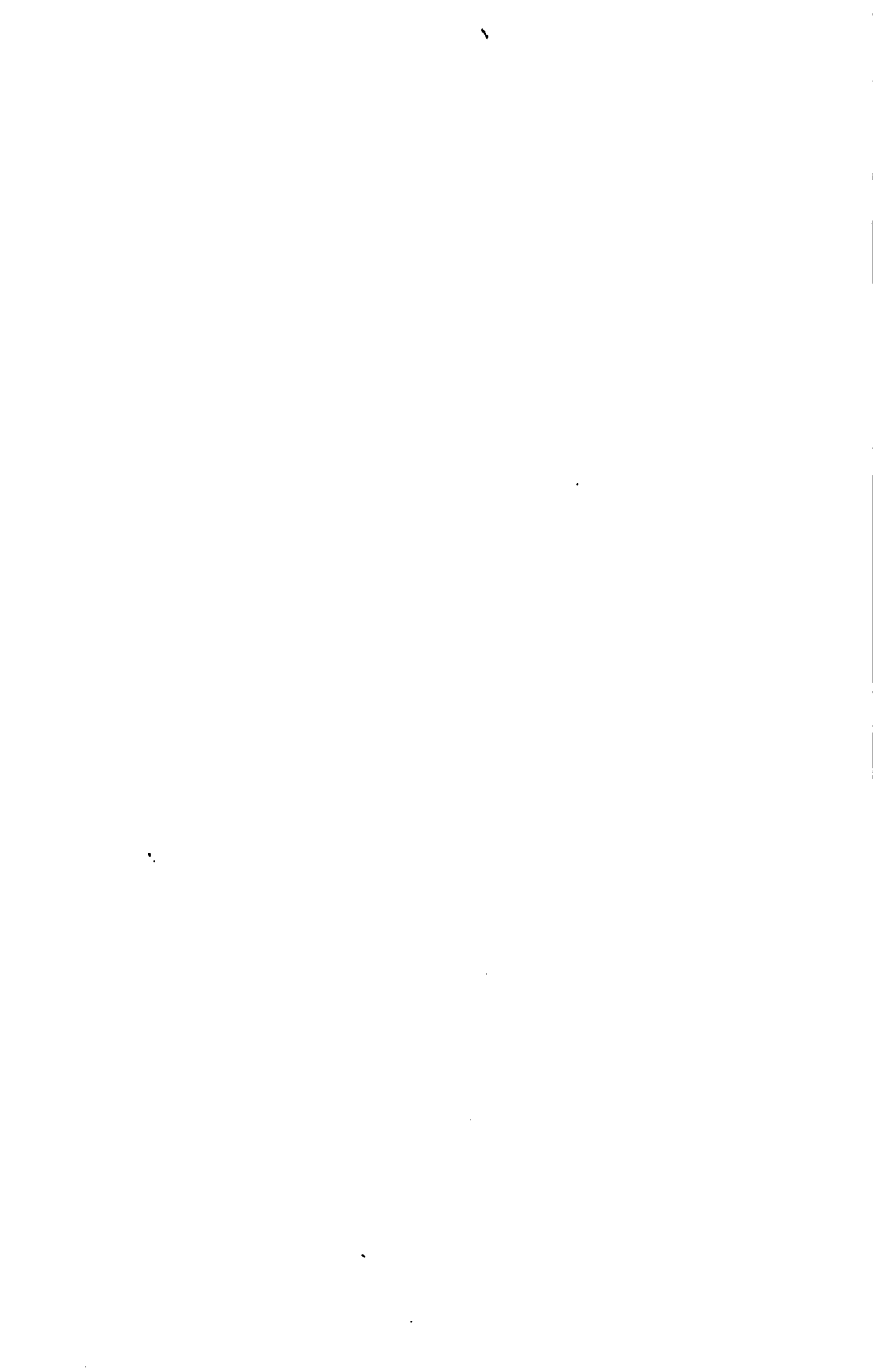
Our company has installed considerable machinery for finishing high grades of press board, which lies idle months at a time simply because we can not sell our product here in our home market under the present conditions.

Give us cheap labor or adequate tariff protection and we can produce these goods.

We have the honor to remain,

Yours, sincerely,

THE ROGERS PAPER MANUFACTURING Co. (Incorporated),
KNIGHT E. ROGERS, *President*.



TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 13.

MONDAY, NOVEMBER 23, 1908.

WASHINGTON:
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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

**JOHN DALZELL.
SAMUEL W. MCCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
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**NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. POW.
CHOICE B. RANDELL.**

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Monday, November 23, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. We will take up the question of pottery this morning and the committee will first hear any gentleman who desires to suggest a change or a cut in duty. If no gentleman is here, the committee will hear Mr. Burgess. [After a pause.] Is there anyone here who wants to be heard on the pottery schedule?

Mr. JONES. Yes, sir.

STATEMENT OF MR. JEROME JONES, OF BOSTON, MASS.

The CHAIRMAN. Please give your name, address, and your business.

Mr. JONES. Jerome Jones, Boston, Mass., wholesale and retailer in crockery and glassware. We are here, Mr. Chairman and gentlemen, as representatives of the wholesale dealers of the United States in crockery and glassware, who have for years been dealers in both foreign and domestic pottery and glassware. I am, therefore, familiar with the merits of both kinds, and can speak of both without prejudice to the manufacturer or the importer. We have no vested interest in either pottery or glass manufacture, domestic or foreign.

Crockery is a necessity to every family in the land. None is so poor that it can do without it. We feel that relief, by means of a substantial reduction of duties, should be seriously considered on behalf not only of our industry but of the American consumer. The "high standard of American living" sounds well, but the increasing cost of living is a serious question. As dealers, we continually feel the pulse of the consuming public, and we believe that unnecessary tariff burdens are being imposed.

We believe that the domestic manufacturer is entitled to protection, but not beyond the point which he himself, during the past twelve years, has demonstrated as sufficient. We believe that the difference in the cost of production of American and foreign ware nearer 30 or 35 per cent than the 55 per cent on white and 60 per cent on decorated ware which are the protective duties imposed by the present law. This difference of about 25 per cent represents excess protection.

While the duties of 55 and 60 per cent may appear to the casual reader to be the sum of protection afforded, they do not represent the full burden levied up on the commodity. The outside packages, which are costly in themselves abroad, are dutiable at the same rate as the contents. For example, in Staffordshire the outside crate necessary for the safe transportation of the ware is charged to us at 17 shillings 6 pence, or \$4.37. Assess this also at 60 per cent and the outside package costs us \$7, while empty it is worth only a fraction of that here. Yet it has raised the protection on many kinds to 70 or 80 per cent, which on many kinds of ware is prohibitive. To

the secondary protection is also to be added the geographical protection of distance and delay. We would add also that the present law makes no allowance for breakage in transit, which is a peculiar risk of our business. In many cases these factors afford to the American producer an actual protection of 94 per cent, while to the gentle reader it appears to be only 60.

More than half of the pottery made and sold in this country is already so highly protected by cheaper cost of production that the American potter has the field to himself. Take, for instance, the item of toilet ware of the poorer grade. Hardly any of this ware has been imported in the last few years. The American has practically ousted the foreigner from this market, notwithstanding his increased cost of labor and other factors. The foreign potter could not compete in this class of ware even if it were on the free list. On this class of goods protection is unnecessary; on the better class of goods now demanded by the American taste it is excessive. Such a combination not only checks importations without corresponding advantage to American industry, but decreases revenue. The moment you go beyond the necessary protection you are putting an unnecessary burden on the American people; you either tax them too heavily upon what they must use or you deprive the Government of the revenue it needs.

When protection is prohibitive and imports cease, not only the consumer is affected but the farmers' interests are endangered. He is an exporter of food products and must have low ocean rates. He can not enjoy them if ships load only one way; if cargoes go out full and ships come back in ballast.

We believe that the pottery industry of the United States is prosperous, generally speaking, or wherever efficient and intelligent management has been employed. I make the statement without fear of contradiction that more advance was made in the quality of bulk goods under the enforced competition of the tariff act of 1894, with its duties of 30 and 35 per cent, than has been made under the increased protection afforded by the act of 1897. Furthermore, I would say that for every single failure that has come to the pottery industry under the act of 1894 there has been failure for failure under the act of 1897. I assert, therefore, that the fixation of these schedules has little or nothing to do with the success or failure of the American potter.

We have the evidence of the American potters themselves that their business is growing rapidly and they expect it to meet the competition of Europe even in fancy goods. At the twenty-seventh annual session of the United States Potters' Association, convened at the Raleigh Hotel, Washington, in December, 1905, Mr. W. E. Wells, president of the association, wrote the following statements in his opening address:

Now, I shall read from what he said, not what I say. Mr. Wells, president of the United States Potters' Association, used these words:

It should be a source of much satisfaction to the officers and members of this association that we are just about to close a business year in which the volume of production of the "general ware potteries" has considerably exceeded that of any previous year.

Mind you, I am quoting from him.

The CHAIRMAN. What year was that?

Mr. JONES. That was at the annual convention in Washington in December, 1905; that is three years ago.

In view of the low prices prevailing, especially during the first few months, this showing should be considered remarkable.

Again, he says:

We can hardly determine at this time just how much of this increase may be the result of stimulation from low prices and how much may be due to the greatly improved general business conditions of the country as compared with 1904. While there are some who still express dissatisfaction with prevailing conditions, there is unquestionably a much better feeling throughout the industry than there was a year ago, and a considerably increased number of firms will close the business of this year with a showing on the right side.

That was in 1905, three years ago.

He also stated:

The British importation in total of \$2,800,000 is 33½ per cent less than the importations from that country for the year 1895—ten years ago—and it would seem from those statistics that the American potter is in a fair way to win the home market for W. G. and P. G. wares, plain and decorated.

Then he says:

The French china will doubtless continue to hold its place in the affections of the American people for many years to come, but the domestic potter is rapidly becoming a competitor of the German in fancy goods.

The improved facilities for decorating introduced in recent years have revolutionized the product and the possibilities in commercial pottery, and our people are beginning to realize they are now in position to produce fancy goods in style and at a price—

Mind you—

to fairly compete with anything from Europe.

Those are the words of the president of the United States Potters' Association.

Mr. W. E. Wells, president of the association in 1906, also made the following remarks:

If volume of business alone means prosperity to the American potter, the members of this association have abundant reason for feeling satisfied with the results of the year just closing.

It is clearly shown by the facts herewith presented that the American potters themselves are responsible for the "unfavorable conditions" confronting them, if such conditions do exist, and that it is due to the failure on the part of the American potter to take advantage of his opportunities, rather than due to conditions beyond their control. They were the pioneers in introducing the scheme trade to pottery and made strenuous efforts to secure the 5 and 10 cent business in this country, which are being manufactured and sold by the American potter in immense quantities and at prices arbitrarily fixed by the buyer. The development of these lines through the influence of certain American potters has decidedly interfered with the pottery industry of the United States. These goods are a decided detriment to any improvement in quality of American pottery, for they are made in a "slip-shod" manner and the decorations are equally indifferent.

Only two qualities are demanded—show and cheapness.

A more surprising fact, which clearly shows the reason for the "unfavorable conditions" of the pottery industry, which the potters

themselves complain of, is that the scheme trade and 5 and 10 cent goods sold by the American manufacturers is more than 60 per cent of the entire production of decorated ware made in America.

As I have said, we believe the pottery industry is now prosperous, allowance being made for the late business depression, and is fairly widespread, varied in its products, and highly developed in machinery and methods, capable of holding the home market on ordinary ware against all competitors, if the energy and ingenuity of those engaged were put to the test.

An attempt was made eleven years ago, when the Dingley bill was pending, to ingraft an absurd provision in the form of a compound duty. The effect would have proved confusing and prohibitive, but it failed when scrutinized in the Senate.

At that time telegrams were rushed in upon Senators Aldrich and Allison from the various potteries in Ohio and New Jersey, saying that unless compound duties were provided, raising the tariff above the rates finally adopted, "the pottery industry in this country would be paralyzed; that the smoke from the tall chimneys would cease to rise." Senator Hanna and others joined in the crusade for higher duties, but the Senate committee declined to change the Dingley bill. What happened? No paralysis of the pottery industry. The smoke has continued to rise from the tall chimneys and many new kilns have been built. Fortunes have been made and the industry has progressed and thrived under the 70 or more per cent protection provided for in the Dingley bill, and while some potters have suffered from the panic here or from unfortunate management, it is a thriving industry and has ceased to be one of the infant industries.

We believe in a single ad valorem duty, understood by all and collected fairly, and we have always been willing to join in any attempt to hunt down and punish efforts for undervaluation.

The class I represent, I think I can say, unanimously have been ready and desirous to help in hunting down undervaluations. It is to our interest to do it, otherwise those who could not enjoy undervaluation would soon be in the bankruptcy court.

The rate of duty has been increased from 10 per cent in 1784-1794, 20 per cent in 1816-1842, 24 per cent in 1857-1861, 40 per cent in 1864-1883, to 55-60 per cent under the present law, plus the duty on the cost of the outside packages; and as these wares are necessary for the comfort and convenience of every family in the land, we must earnestly ask for a reduction of the tariff tax.

Statistics will be given to show the growth of the American product and the diminution of imported pottery. The wholesale dealers, of whom I am one of more than one hundred, established in the larger trade centers of the United States, from long experience and dealing in both foreign and American pottery, familiar with the world's product of pottery, including that of America, dealing in both kinds in a large way, feeling the pulse as we do of the retail dealer, and he with experience with the consumer who buys pottery, believe the time has come for a substantial reduction in the tariff tax; and I will close by saying that the moment you go beyond the necessary protection you are putting unnecessary burdens upon the American people and cutting down the needed revenue of the Government.

The CHAIRMAN. Mr. Jones, have you finished your written statement?

Mr. JONES. Yes, sir.

The CHAIRMAN. The one interesting question connected with this schedule is the question of undervaluation. The revenue officers complain that they are not able to collect the duty on the value of the material imported, and the manufacturers have always complained that that could not be done. You are an importer, I understand?

Mr. JONES. Yes, sir.

The CHAIRMAN. Of course I am not going to ask you anything about your own importations.

Mr. JONES. I am willing that you should.

The CHAIRMAN. I would like to inquire if you know anything about importations by others and undervaluation connected therewith?

Mr. JONES. We have to in order to be intelligent. If we have a competitor who is stealing in importations undervalued he will undermine us and we would have to go out of business. We try to keep our ears as near the ground as possible to know what is going on. To answer your question, my idea is that the talk about undervaluation is more apparent than real. The Board of Appraisers are the men to report upon that. They are very intelligent and picked men, and they have the full force of the Government behind them and the army and navy to back up their decisions. I hardly ever meet any of my friends of the pottery industry, and I have a great deal to do with them, that there is not whining by some of them about undervaluations. I say: "Why do you not bring up some facts. I will help you. I will go to Washington or to New York. If you can find a real case we will hunt it down. I have got to meet these importers on the entrance of their goods into this country, and I want you to either put up or shut up; I want you either to show facts or stop this everlasting whining about the other fellow."

The CHAIRMAN. The manufacturers claim that they have pursued the same course. They have claimed before the committee that they have found a large amount of undervaluation on the importation of crockery. Notwithstanding this large percentage of duty, it appears that an average of over \$8,000,000 worth of decorated china has been brought into the United States, decorated and others in that class. Of course it includes every advanced stage of manufacture; over \$8,000,000 on an average have been imported. I understand that the domestic product is much less than that. I would like to know something about it. You say that your firm does not undervalue?

Mr. JONES. We have never been accused of it.

The CHAIRMAN. How do you fix the price at the custom-house on which the duty is collected? How do you fix the price of your imported goods, on what standing and where? Where is the market on which you fix the price?

Mr. JONES. We have importations coming all the year round, and have had for fifty years since I have been in the establishment, boy and man. We have importations from British ports, German ports, French ports, Japanese ports, and Chinese ports. I do not believe there has been a month in the year but what we have had, as the Germans say, "imports swimming toward this country." The way we fix our value at the custom-house is to present a consular invoice, an exact copy of the invoice that has been sent to us to make our entry on. That consular invoice has been sworn to by the manufacturer. It

has been sworn to in the presence of the American consul abroad. That comes here and we go to the custom-house and make oath that we have no concealed papers and that those papers represent everything that we know about the value and we pay our duties when the entry goes through.

The CHAIRMAN. Do you pay the duty at the rate of 60 per cent on all your imports at the exact price which you pay on the other side, the amount you pay the seller for that crockery?

Mr. JONES. We have never known any other way to do it.

The CHAIRMAN. Do you do that?

Mr. JONES. We do.

The CHAIRMAN. On all importations of crockery you pay 60 per cent on the exact price that you pay abroad?

Mr. JONES. Sixty per cent for decorated and 55 per cent for white crockery.

The CHAIRMAN. You pay duty on the exact price that you pay abroad?

Mr. JONES. Precisely; exactly.

The CHAIRMAN. Would you prefer a duty of, say, 32 per cent collected on the wholesale selling price in the United States, duty paid on your importations?

Mr. JONES. Yes, sir; if that wholesale value is a reasonable one.

The CHAIRMAN. Yes; a reasonable one.

Mr. JONES. I mean a true one.

The CHAIRMAN. The wholesale market price, reasonable or unreasonable?

Mr. JONES. I will qualify that, I think, to your satisfaction.

The CHAIRMAN. You would not be willing to do that unless that was a reasonable value?

Mr. JONES. I mean a fair one. I substitute the word "fair" for "reasonable" wholesale market price. I will tell you how that is.

The CHAIRMAN. The actual wholesale price, whether it is fair or unfair, the actual wholesale price in this country.

Mr. JONES. You mean the foreign value where the goods come from?

The CHAIRMAN. No; the actual wholesale price here.

Mr. JONES. I never heard of such a way of collecting duties.

The CHAIRMAN. You never heard of such a thing as the natural wholesale price here?

Mr. JONES. I know what that means when I come to sell goods. When I was a buyer abroad, as I was for fifteen years, we did not know anything about the American wholesale market value.

The CHAIRMAN. As a wholesaler, you put the goods on the market here at a wholesale market price?

Mr. JONES. Yes, sir.

The CHAIRMAN. That is easily ascertained. The Government calls your people before the appraisers and puts them under oath as to what that wholesale market price is, and if your competitors should make a false oath they would be amenable to the law of the United States for perjury; but as it is now, there is no one to call before the Board of Appraisers who knows the actual market price abroad. We can not send and get those witnesses here. If we take their statements we can not punish them if they make false statements. What I want to get at is whether you are willing to take a reduction

of duty of about 30 per cent in case the duty can be levied upon the wholesale price in this country?

Mr. JONES. That wholesale price depends upon the necessity of the seller. We will suppose that my competitor has no need of money, that he has not a large stock, and he makes his price what he thinks is a fair profit, and we will suppose that I am suffering from bad credit and want money, and I make my wholesale price low enough to take the trade away from him. How is a man going to determine the wholesale market price?

The CHAIRMAN. Of course, the actual market price would not be based upon one sale of a particular class of china, but upon the aggregate sales. That would give the Government an opportunity to find out what that price was by competent evidence.

Mr. JONES. Under the present system, which has been in vogue since 1794, the difficulty of the Government is to ascertain what the wholesale market value is in the foreign market where the goods were bought.

The CHAIRMAN. That is right; it is a great difficulty.

Mr. JONES. Sure.

The CHAIRMAN. The Government seems to be utterly powerless to find it out.

Mr. JONES. If our buyers go into the world's market and they go to a reputable dealer or manufacturer and buy as cheaply as they can, of course that manufacturer, if he is a reputable man—has a regard for his oath—he must take that invoice and go before a consul and make oath that that is the actual value, and everything pertaining to that sale; that there are no concealed papers to interfere with that frank statement on the consular invoice.

The CHAIRMAN. You say your buyers abroad appear before the consular agent over there and make oath? If any of those buyers or some other person should make a false oath they could not be punished.

Mr. JONES. No; it is not the buyer who makes the oath; it is the seller of the merchandise.

The CHAIRMAN. If that seller makes a false oath, he could not be punished?

Mr. JONES. He has a conscience, I suppose, as the average man has.

The CHAIRMAN. The trouble is that all men do not have consciences; they have different kinds of consciences.

Mr. JONES. That is very true.

The CHAIRMAN. What I am trying to find out is if there is not some way we can reach a man's conscience by not holding up the anticipation of crucial punishment, but a practical punishment?

Mr. JONES. I will say this, if you had a less tariff tax—the lower you reduce the tariff in order to let merchandise in a fair way into the competition—the lower you reduce the protective tariff the less temptation there is for that bad conscience you speak of.

The CHAIRMAN. Of course, if you let it in free they would not have any occasion to tell a lie about it, I suppose. I agree with you on that.

Mr. JONES. I am not a free trader, mind you; I never was. I believe in reasonable protection.

The CHAIRMAN. Do you know what the domestic manufacture of this higher grade of pottery, such as comes in for 60 per cent, was in 1905? Have you looked up those statistics?

Mr. JONES. I have them, and I will present them very soon.

The CHAIRMAN. Are you able to state about what it is in dollars?

Mr. JONES. I will give the statistics.

The CHAIRMAN. What I want to know is the total domestic manufacture of the articles similar to those under this 60 per cent tariff.

Mr. JONES. I think this last year, if my memory serves me aright, it was \$15,000,000—the production in this country.

The CHAIRMAN. According to that, then, the domestic manufacturer is able to produce a third of the consumption?

Mr. JONES. I think so.

The CHAIRMAN. Do you think the importer has anything to complain of in that state of the case?

Mr. JONES. Well, I figure that the duty on pottery and glass that we would like to import to meet the taste and wants of the American people is higher than there is any need of, even allowing for a fair protection to the American manufacturer.

The CHAIRMAN. Do you not think the schedule allows an opportunity for foreign competition in those goods?

Mr. JONES. I do not, because I think the duty on more than half of the pottery that is used in this country is already prohibitive.

The CHAIRMAN. What proportion of the consumption do you think ought to be imported in order to get the schedule low enough for fair competition between foreign and American goods?

Mr. JONES. I think if the schedules were reasonably adjusted that half of the ware consumed by American consumers should be held in this community and the other half is of such a nature that it must come from other manufacturers.

The CHAIRMAN. What other objection have you to a duty levied on the domestic wholesale market price of those articles than what you have named?

Mr. JONES. I think if free trade existed to-day, a considerable portion of the pottery used in this country would still come from the American potters.

The CHAIRMAN. That does not answer the question. What objection have you to a rearrangement of this schedule, providing the duty is somewhere in the neighborhood of 30 per cent upon imported articles instead of 60 per cent, that 30 per cent to be put upon the fair average price—I mean the market price in this country, the wholesale price—of those goods after they are landed and the duty has been paid?

Mr. JONES. You mean landed and duty paid at 30 per cent?

The CHAIRMAN. Yes, sir.

Mr. JONES. Well, I think that—

The CHAIRMAN (interrupting). To let them enter into our consumption at 30 per cent of the wholesale price after they are landed and the duty has been paid?

Mr. JONES. I think 30 per cent or 35 per cent would be fair toward the American consumer.

The CHAIRMAN. Do you think 30 or 35 per cent would be fair toward the manufacturer?

Mr. JONES. Yes, sir.

The CHAIRMAN. And fair toward your importing interests?

Mr. JONES. Yes, sir.

The CHAIRMAN. Now, I see that the importations of the yellow grade are very small. Complaint has been made at the custom-house about the importation of a class of yellow ware that is made at Sarreguimines?

Mr. JONES. Yes, sir; that is in France.

The CHAIRMAN. It is claimed at the custom-house to be a much better article than the common yellow ware. The courts decided otherwise, and seem to be entirely oblivious to the word "common" as describing that yellow ware. Are you familiar with that yellow ware?

Mr. JONES. I am.

The CHAIRMAN. How much more is it worth in the market here than the common yellow ware?

Mr. JONES. Well, it is a different class of ware.

The CHAIRMAN. A better class?

Mr. JONES. Yes, sir.

The CHAIRMAN. Better goods?

Mr. JONES. Yes, sir.

The CHAIRMAN. How much more is it worth in the market?

Mr. JONES. Let me answer your question this way; there has been no English yellow ware come into this country in twenty years.

The CHAIRMAN. They have had a lawsuit about it under the present tariff. The whole importation under that schedule has been very small.

Mr. JONES. It must be small, because the American potter has that field to himself to-day, and the yellow ware that goes into the family kitchen and is used by the poorer people is made entirely in this country and anybody who would import any yellow ware they would want in a dime museum.

The CHAIRMAN. The entire importation of yellow ware in 1907 only amounted to \$126,000.

Mr. JONES. It is very small; it must be small.

The CHAIRMAN. Still you do not tell me whether it is more valuable and how much more valuable than the common yellow ware?

Mr. JONES. If you saw sample by sample you would say that it was hardly comparable.

The CHAIRMAN. What is it worth on the average?

Mr. JONES. I should say 50 per cent more.

The CHAIRMAN. That is all.

Mr. DALZELL. You stated, in reply to the chairman a moment ago, that you thought 30 per cent or 35 per cent would be a fair rate of duty. Do you mean the value ascertained as it is now, or value ascertained by the method suggested by the chairman, the new method of taking the wholesale price here?

Mr. JONES. The valuation as ascertained now.

The CHAIRMAN. I asked you the other question and supposed that you answered it.

Mr. JONES. I can not conceive of putting the value on the wholesale price here.

The CHAIRMAN. If you can not ascertain the market value here at wholesale of that pottery where you have all the witnesses, how in the world are you going to get at it abroad where you do not have any witnesses under oath?

Mr. JONES. Under the experience of the last seventy-five years; as it has been determined for the last seventy-five or one hundred years.

The CHAIRMAN. The difficulty with that is that it runs the percentage of duty on the ad valorem rate up very high apparently, but when they come to import it the weight of the evidence is that there is fraud all along the line and it is undervalued, and in some cases grossly undervalued, very fine china coming in at a mere song, and in some cases the best houses abroad do that.

Mr. JONES. I believe, Mr. Chairman, that the idea is grossly exaggerated.

The CHAIRMAN. If it exists at all and we can remedy it, should we not do so?

Mr. JONES. Yes, sir; I think that is your duty as legislators, but you have to do it intelligently. I do not believe that you can get a wholesale market value here that would be uniform and make it practicable.

Mr. BOUTELL. You are a wholesaler?

Mr. JONES. Yes, sir.

Mr. BOUTELL. And a jobber and merchant?

Mr. JONES. Yes, sir; and also a retailer.

Mr. BOUTELL. You are also a retailer?

Mr. JONES. Yes, sir; we combine everything.

Mr. BOUTELL. Then you can answer this question: Is there any combination among the wholesalers or jobbers of this country to fix the price on similar goods to the retailer?

Mr. JONES. There is no combination that would interfere with the competition in the market. The market is open to competition. We have to compete on all sides.

Mr. BOUTELL. My question could have been replied to by an answer, "yes" or "no." The question was whether there was any combination among the wholesalers or jobbers in crockery or pottery to fix the price of similar articles to the retailers.

Mr. JONES. There is an understood price on several English brands, but no understanding or combination on anything that comes from any other part of the world.

Mr. BOUTELL. How is that price fixed?

Mr. JONES. It is fixed by ascertaining what would be a reasonable profit on the cost of importation, and that price is understood to be a fair market price, but I might add that there are 50 other wholesalers who do not affiliate in any way and who do not care anything about that understanding.

Mr. BOUTELL. How many jobbers are there in this country of that kind?

Mr. JONES. I should say there are 125.

Mr. BOUTELL. How many are there in your association?

Mr. JONES. I think there are 70.

Mr. BOUTELL. What do you call it?

Mr. JONES. We call it the National Association of Wholesalers in Crockery and Glass.

Mr. BOUTELL. Who is the chief representative of that association who acts for all the members?

Mr. JONES. We have a secretary and treasurer.

Mr. BOUTELL. They are the general officers of this association?

Mr. JONES. Yes, sir.

Mr. BOUTELL. Do you fix the price at meetings or by correspondence?

Mr. JONES. By conference.

Mr. BOUTELL. That fixing of price, you say, relates only to certain imported wares?

Mr. JONES. It relates to only English ware, and that English ware is of a standard brand and is represented by half a dozen potters only. But in fixing that price I want to impress upon your mind that a member of the association is not bound by that price if he wishes to meet the competition of some one who is not affiliated with the association.

Mr. BOUTELL. Aside from the ones who do not affiliate, is there any rivalry?

Mr. JONES. No, sir.

Mr. BOUTELL. With the exception of the 70, all the others act independently in fixing prices?

Mr. JONES. Yes, sir.

Mr. BOUTELL. Your association only fixes the price on a certain article imported from England?

Mr. JONES. Yes, sir.

Mr. BOUTELL. You deal very largely with hotels, restaurants, and places of that kind?

Mr. JONES. Yes, sir.

Mr. BOUTELL. There is no attempt, then, to fix the price except on this one article?

Mr. JONES. There is no fixing the price at all for a hotel or restaurant in any part of the country.

Mr. BOUTELL. Is there any division of territory in dealing with the restaurants or hotels?

Mr. JONES. None whatever.

Mr. BOUTELL. So there is absolute competition and rivalry among the jobbers and wholesalers in the hotel and restaurant business?

Mr. JONES. Yes, sir; very active competition.

Mr. BOUTELL. As you are both a wholesaler and retailer, you can answer, of course, this question: If we should repeal the duty on all common earthenware, crockery, and china—that is, the undecorated and the unornamented pottery and china—the importers or jobbers could get it at a reduced rate?

Mr. JONES. You mean abroad? The importer must seek his goods abroad.

Mr. BOUTELL. Do you mean to say that the repeal of the 55 per cent duty on plain china would not affect the price here in the local market of the domestic manufacturer?

Mr. JONES. I think it would.

Mr. BOUTELL. If we should repeal the duty on the unornamented grades of earthenware, crockery, and china, would not the wholesalers get the domestic goods cheaper than now?

Mr. JONES. They would.

Mr. BOUTELL. Then would not the wholesalers, with this active competition which you have spoken of in all these matters, be compelled to furnish these goods at a cheaper rate to the retailer?

Mr. JONES. Logically; yes.

Mr. BOUTELL. With the full and free competition which you have spoken of, is it not probable that the entire amount of the duty, if repealed on these common goods, would be passed on by the wholesaler to the retailer so the retailer would get a substantial part of the benefit of the reduction?

Mr. JONES. The retailer and consumer both.

Mr. BOUTELL. We have traced the reduction to the retailer, which I am very glad to hear in this one case.

Mr. JONES. The lower the cost of the goods, the lower the consumer gets them.

Mr. BOUTELL. If that is the case, and the retailer gets these goods at a cheaper price, then the final ultimate consumer, the purchaser and user of the goods, would get them at a cheaper price?

Mr. JONES. Yes, sir.

Mr. BOUTELL. Is it not a fact, in your experience as wholesaler and retailer, that the undecorated earthenware, pottery, and white china is a class of goods that is most largely used by the people of moderate means?

Mr. JONES. I should say the very poorer class.

Mr. BOUTELL. The very poorer class are the ones who are deserving of consideration?

Mr. JONES. But this fact should be borne in mind, the standard of tableware has been elevated year by year because the American housewife has tried to have something better than white ware.

Mr. BOUTELL. I understand that fully, but it seems to me as though the question should really answer itself, that this plain white ware and the other common ware is the ware that goes most largely to the consumer and to the small hotels and restaurants.

Mr. JONES. Yes, sir.

Mr. BOUTELL. Therefore, in seeking to revise these schedules, would it not be possible by a very large reduction or even a repeal of the duties on this common ware and by some increase in the duties on the decorated ware to keep the revenues about the same?

Mr. JONES. I think if you increased the duties about 65 per cent you would reduce the volume of ware that would be consumed and you would reduce the volume of revenue.

Mr. BOUTELL. Yes, sir.

Mr. JONES. And the more you increase the price the less the number of people who can buy it.

Mr. BOUTELL. Then, if we should repeal the duties on the common ware and lower the duties on the higher class of goods, would not that keep the revenues about the same?

Mr. JONES. Yes, sir.

Mr. BOUTELL. So by repealing the duties on this common ware we would greatly benefit the consumer of this common ware, and by a slight reduction in the duty on the high decorated goods we would keep the revenues about the same?

Mr. JONES. Yes, sir.

Mr. UNDERWOOD. You can not draw a distinction in the value of the product by the distinction that is drawn in the tariff bill now between decorated and undecorated ware?

Mr. JONES. No, sir.

Mr. UNDERWOOD. Some undecorated ware is very high-priced pottery?

Mr. JONES. Yes, sir.

Mr. UNDERWOOD. And some cheap pottery is decorated?

Mr. JONES. Yes, sir; that is true.

Mr. UNDERWOOD. If you wanted to draw a distinction between the high-priced imported pottery and the white ware for ordinary family use, how would you technically draw that distinction?

Mr. JONES. Well, that would be a difficult question to answer, because you take the decorated china that now comes from Germany, which will sell, we will say for \$10 a dinner set, and the housewife who has some pride, but who lives in a very moderate way, is going to have a decorated dinner set anyway; her pride leads her to that ambition.

Mr. UNDERWOOD. As I understood you a while ago, you said that there was practically no importations of the cheaper ware that was used by the masses of the people of this country?

Mr. JONES. I think more than half of the crockery ware used by the people of this country is made by the American potter, and will be, anyway.

Mr. UNDERWOOD. I know. Did you not state that practically all the cheaper ware was made in the United States?

Mr. JONES. Substantially so; it depends upon how far you want to pay.

Mr. UNDERWOOD. That is just exactly what I am coming to. I want to know where you draw the line substantially—of course I do not mean absolutely accurately—but where you draw the line in saying that the American producer has a monopoly of the market?

Mr. JONES. Well, that should be qualified, because the common ware is more than the common white ware. There is a very poorly decorated ware which the American potter makes. It is the quality of workmanship. The American potter has sought to produce quantity, and when he made the cheap decorated ware he slighted it. The good housewife desires a good dinner set handsomely decorated, and so she can see her fingers through it, and between the American decorated ware, which can be bought for \$6, which she can not see through, as against the \$10, she is going to take the \$10 set.

Mr. UNDERWOOD. The cheaper class of pottery that you can not see through, you think is entirely made in this country?

Mr. JONES. I do not say entirely; largely.

Mr. UNDERWOOD. There is practically no competition on that line of goods imported from abroad?

Mr. JONES. This \$10 set competes with the \$6 set.

Mr. UNDERWOOD. But there is no competition at the same price.

Mr. JONES. No, sir.

Mr. UNDERWOOD. Is it not a fact that as to the cheaper class of pottery the American producer can compete with the foreign producer?

Mr. JONES. In low grades of ware.

MR. UNDERWOOD. And on the high grades of ware, the very highest grades of ware, there is practically no competition in this country, because it is not made here?

MR. JONES. To a very limited extent only.

MR. UNDERWOOD. So there is a monopoly in the tariff for the low grade for the American producer?

MR. JONES. That is true.

MR. UNDERWOOD. And the high-grade European china does not come into competition with any china made in America?

MR. JONES. I think it does.

MR. UNDERWOOD. But the class of people who want to buy a fine table set, the finest tableware, do find that ware in this country at all?

MR. JONES. It is not made here.

MR. UNDERWOOD. And they get it abroad?

MR. JONES. Yes, sir.

MR. UNDERWOOD. And they go abroad to get it regardless of what the manufacturer charges for his product?

MR. JONES. That is a question of comparison. Now, when you say that the consumer who wants a china dinner set must go abroad to get it or not have it, if it is a fine china dinner set, yes; if it is ordinary decorated ware, no; she may find a poor quality of American ware that she will buy here.

MR. UNDERWOOD. Is any of the American ware machine made, or does machinery enter into a large portion of its manufacture?

MR. JONES. Very largely.

MR. UNDERWOOD. To what extent does machinery enter into the American-made ware?

MR. JONES. I think the Americans are up even with the English in machine methods and in modern appliances. I think this labor-saving machinery is prevalent in America, in England, in France, and in Germany.

MR. UNDERWOOD. Then, the labor-saving machinery enters very largely into the production of crockery ware?

MR. JONES. It does.

MR. UNDERWOOD. What percentage is the cost of labor in the cost of production of American tableware?

MR. JONES. That is a question that I am not able to answer, but a gentleman who will follow me has those statistics.

MR. UNDERWOOD. The percentage of labor in the production of crockery ware is not great, because it is largely produced by machinery, is it?

MR. JONES. That is true.

MR. UNDERWOOD. So far as machinery is concerned, is not the American in advance of the world in labor-saving machinery and the handling of it?

MR. JONES. In pottery?

MR. UNDERWOOD. Yes, sir.

MR. JONES. I think England and America are on a parity. I want to say this: We import from Japan. They have no machinery there. The china that comes from Japan is ornamented china, and my partner, who goes there, says that they have no machinery, and I have learned this fact, that an American or English pottery workman can do the work of three or four Japanese by modern machinery.

The Japanese potter has to be waited upon by three or four more, and the more they employ the better they like it. Japanese labor is not to be compared with American labor. They have several operatives to do what one operative does here. There is another thing that I want to say, because we are talking about dinner sets. There has been talk about Japanese china coming in here, made by very cheap labor, and which might interfere largely with the products of the American potter. My knowledge enables me to say that the Japanese have never progressed far enough to make a sound piece of ware the size of a dinner plate. They have never made a platter. They can not make a plate or a platter that is merchantable, and therefore they can not make a dinner set. No dinner sets come into this country from Japan, and yet sometimes when I talk with the American potters they say that they have to compete with Japanese labor. They do not send a dinner set; they do not know how to make it. They have not up to this time made one.

Mr. UNDERWOOD. Therefore the competition in china ware from Japan is not a serious competition?

Mr. JONES. It is not, except in small things, little things like vases as big as your fist. To-day Japanese china of that character is a drug on the market; there is more here than can be sold. I do not regard the Japanese trade as amounting to anything as far as we go, and yet we import it all the time in a small way.

Mr. UNDERWOOD. You say that you have to pay the duty on the package. I do not understand exactly what you mean by that.

Mr. JONES. Let me make it clear, if I may. A crate of ware ready to pack requires a crate that costs us 17s. 6d. That is dutiable at the same rate as the contents. If the contents are taxed at 50 per cent or 55 per cent, that 17s. 6d., equal to \$4.37, with 60 per cent duty, makes the cost \$7. That crate is necessary for the safe transportation of the contents. We have to pay the same rate of duty on that outside package as we pay on the contents. That is a severe tax burden on the contents, and when we open that crate here and sell the contents we can only sell at a fraction of the \$7. Therefore, that is a part of this tax burden.

Mr. UNDERWOOD. In other words, you pay 60 per cent or 55 per cent, whatever it may be, on the value of the crate in which the china is shipped?

Mr. JONES. Precisely.

Mr. UNDERWOOD. That makes the rate of duty for the china in excess of 55 per cent or 60 per cent?

Mr. JONES. I could demonstrate that it brings the duty up to 80 per cent or 90 per cent.

Mr. UNDERWOOD. You stated that the cost of importation was increased by breakage. Have you estimated that in a systematic way so you can state to the committee what percentage the breakage amounts to?

Mr. JONES. In a general way, in the many years I have been in business we have figured that the breakage amounts to 2½ per cent, on the average. If the ship meets stress of weather and shifts the cargo and those crates come up on the pier evidently smashed inside, what does the law allow us to do? It allows us to abandon those crates and give them to anybody who can cart them off, but we have

to pay the duty before we see them. We have to go to the custom-house and pay the duty before we see what condition the cargo is in. Under the old damage-allowance law we could have an inspector go in and inspect the goods and find out what the damage was and get a rebate, but now the only privilege is to abandon the goods after we have paid for them. That is the law to-day.

Mr. UNDERWOOD. That is an advantage to the American producer you say of about $2\frac{1}{2}$ per cent?

Mr. JONES. I should say fully that.

Mr. UNDERWOOD. Which would be practically adding that much to the tariff?

Mr. JONES. Yes, sir.

Mr. UNDERWOOD. Can you tell me what the freight rates are from abroad for the transportation of china?

Mr. JONES. I can answer for Boston. The rate from Liverpool to Boston is 6s. a ton of 40 cubic feet, and if the crate measures a ton and a half, or 60 feet, it would be about \$2.25.

Mr. UNDERWOOD. About \$2.25 for a crate?

Mr. JONES. Yes, sir; or \$2.50.

Mr. UNDERWOOD. Added to the duty, what differential does that give in favor of the American producer, what percentage in the way of freight rates?

Mr. JONES. If the freight was \$2.50 and the crate was worth \$60, that would be about 5 per cent.

Mr. UNDERWOOD. Then, in addition to the freight rate, the American producer is protected by a breakage that amounts to $2\frac{1}{2}$ per cent and a freight rate that amounts to 5 per cent?

Mr. JONES. Yes, sir; and in the 5 per cent you must include the shipping charges from Staffordshire. The freight comes by canal down to Runcorn and then it lighters on lighters and comes down the river, and then is hoisted into the steamer to come to this country. Those charges amount to about 9s., \$2.25.

Mr. UNDERWOOD. That would increase the total freight differential how much?

Mr. JONES. I should think 6 or 7 per cent.

Mr. UNDERWOOD. Then the advantage of the home producer over the foreigner amounts to 6 or 7 per cent in freight?

Mr. JONES. I should think 6 or 7 per cent.

Mr. UNDERWOOD. Six or 7 per cent. Then the advantage of the home producer over the foreign shipment amounts to 6 or 7 per cent in freight and $2\frac{1}{2}$ per cent of breakage, in excess of the duty?

Mr. JONES. Yes, sir.

Mr. UNDERWOOD. Now, there is another question I want to ask you, in answer to the proposition that Mr. Payne submitted to you, about fixing the tariff on the American price. Has pottery a fixed price in the market from day to day and from month to month?

Mr. JONES. No, sir. I have often been asked by some enterprising newspaper reporter, "What can you say about the market price for crockery?" I have been invariably answered, "There is no change." There is no fluctuation in crockery from month to month. There is one regular price for it, and there is no fluctuation that I know of.

Mr. UNDERWOOD. Crockery in August is likely to be the same price as crockery in September?

Mr. JONES. Yes, sir.

Mr. UNDERWOOD. If that is the case, crockery, then, would have an American market price on which the duty could be estimated?

Mr. JONES. Well, as quantity governs the price, suppose a countryman came in and wanted one crate of ware. The price to him would be naturally somewhat more than it would be to the man who wanted 10 crates, and if a man wanted from 30 to 40 crates, the price per crate to him would be still less than to the man who wanted 1 crate, and that would be just according to the notion of the wholesaler. There is no scale to go by. We use our judgment as to a man's credit and wants, so that there is no standard of American value.

Mr. UNDERWOOD. Then you mean to say by that that there is no fixed wholesale market price in this country upon which you could base the duty on importations?

Mr. JONES. I can not see how it can be. I want to say that the other member spoke about fixed prices. Now this association that I am one of never had any rule or understanding about the price of any pottery anywhere in the world, except these half dozen potteries in Staffordshire that have a standard of their own. There is no fixed standard price for the man who wants French china or German china or Japanese china.

Mr. UNDERWOOD. You sell and deal in American ware. Who are the producers of American ware in this country?

Mr. JONES. Well, there is a large number. East Liverpool, Ohio, is, I suppose, the largest producing point.

Mr. UNDERWOOD. Is there an association of American producers of chinaware?

Mr. JONES. I believe there is.

Mr. UNDERWOOD. Does that association fix the price of American ware?

Mr. JONES. They tried to, and they would to-day if they could. Now, I will try to make it clear to you, that when they meet they come from East Liverpool, Ohio, and—

Mr. UNDERWOOD. Give me the name of the association first.

Mr. JONES. The United States Potters' Association.

Mr. UNDERWOOD. All right.

Mr. JONES. They come from East Liverpool, Ohio; from Wheeling, W. Va.; from Trenton, N. J.; and from Syracuse, N. Y., and several other pottery centers. The others are small.

Now you ask if there is any combination. They have tried to fix the price, but their difficulty, as I understand it—and I am only answering from my own information, and they can state whether or not I am wrong when they have opportunity, which I presume they will have—their difficulty has been that, although they were large producers twenty years ago and made fortunes, subsequently a feeling or tendency to try to boom towns came up with natural gas and cheap fuel, and the promoter would go into the farming districts and say: "You ought to have a pottery here, a natural gas works; and they say pottery is cheap." They would sell shares to farmers and others who wanted to boom that town, and they would have a large industry with 100 tenement houses now, and those potteries in that way sprang up like mushrooms. They could make common pottery where it is no trick to make common pottery now; and when these mushroom potteries began to turn out their product they had to sell, they had to meet their promises, and they would cut the price and cut the profit;

and this stimulation that you have given to this industry has tempted many potteries to be built which without that stimulation would never have existed, and the experienced potteries would have gone on and got a fair price for their product. I do not think they get very much of a profit now, because of this competition that exists and because of this overproduction of American ware and this overstimulation.

Mr. UNDERWOOD. Do all the potters belong to this United States Potters' Association or are some of them independent?

Mr. JONES. Most of them belong to it. I could not undertake to state that exactly.

Mr. UNDERWOOD. And they attempt to fix the price in the market?

Mr. JONES. So far as they can, they do.

Mr. UNDERWOOD. As a purchaser of the pottery made in this country, I understood you to say you dealt in American pottery?

Mr. JONES. Yes.

Mr. UNDERWOOD. Is the price now quoted to you from one potter on the same basis as the price quoted to you by another?

Mr. JONES. In a general way, yes.

The CHAIRMAN. You say they would fix the price if they could. That implies that they can not, does it not?

Mr. JONES. If there is a mushroom potter, he has got to unload.

The CHAIRMAN. Then, there is no uniform price of American pottery?

Mr. JONES. On certain lines I think there is.

The CHAIRMAN. That is quite different from what you said a moment ago, that there was not a uniform price, in your reply to Mr. Underwood. On which proposition do you stand?

Mr. JONES. I will stand on this: They would like to get a fixed price if that fixed price would hold them.

The CHAIRMAN. They try to get the market price, do they not?

Mr. JONES. Yes.

The CHAIRMAN. You say a number of your wholesale houses try to get a fixed market price, and do get it on a large portion of the goods? Do I understand you correctly?

Mr. JONES. No, sir; on a very small portion of the goods.

The CHAIRMAN. Then there is a fixed price on that portion, is there?

Mr. JONES. Not absolutely.

The CHAIRMAN. It is no crime for a man to get the market price for his goods, no matter what he sells, is it? I am not trying to indict you for it. I want just the fact.

Mr. JONES. We are not held down to any price, but we have to meet competition.

The CHAIRMAN. But there is as much of a uniformity of price in imported pottery as there is in the home production, is there not?

Mr. JONES. Just about.

The CHAIRMAN. Well, that answers that question.

Now, you spoke awhile ago about our manufacturers here not being able to produce first-class pottery, and that the importations were first class, and not of the lower class. Where do you draw the line on those two classes? In what way do you distinguish them so that an ordinary man could understand it?

Mr. JONES. Well, I should say that the common white ware that we used to import largely, of the ware that we call pie plates and toilet ware and pitchers and bowls of that sort, the American potter has entirely to himself, and then when you come to cheap decorated dinner sets, they have made considerable progress in decorating their ware in china and those imitations of the foreign article and the well-finished product.

The CHAIRMAN. Well, that is for an expert to say. I mean to the ordinary purchaser they look like a good ordinary finished product, do they not?

Mr. JONES. I would like to have you examine for yourself some time.

The CHAIRMAN. Well, I have seen pottery, and I am not altogether a spring chicken in this matter. [Laughter.] Are you familiar with the ware turned out by the Buffalo pottery?

Mr. JONES. Yes; in a general way.

The CHAIRMAN. Is not that a pretty fine class of goods?

Mr. JONES. I do not think the Buffalo pottery makes dinner ware. Syracuse makes a very creditable product of pottery.

The CHAIRMAN. Yes; Syracuse makes good enough pottery for any man to eat his dinner off, does it not?

Mr. JONES. Yes. They stand at the head.

The CHAIRMAN. And they produce a pretty good article?

Mr. JONES. Yes.

The CHAIRMAN. And it sells alongside the imported article in the market, does it not?

Mr. JONES. Yes.

The CHAIRMAN. There are other potteries pretty near as good as the Syracuse, are there not?

Mr. JONES. Yes.

The CHAIRMAN. So that our own people do make first-class pottery, and it is sold in this market, a considerable part of it, is it not?

Mr. JONES. More than one-half of what the American consumer uses is made in this country.

The CHAIRMAN. What proportion of that which is imported and sold in this country is of the first class that you speak of?

Mr. JONES. I would say a very small proportion.

The CHAIRMAN. How large is it?

Mr. JONES. It would be a rough guess in any event.

The CHAIRMAN. They know more about their sales than you do?

Mr. JONES. I suppose so.

The CHAIRMAN. What is the freight on pottery from East Liverpool to Boston?

Mr. JONES. I should say about 18 cents a hundred pounds. I can not give you that answer accurately.

The CHAIRMAN. You do not know what it is?

Mr. JONES. I only know about what it is.

The CHAIRMAN. Do you know what it is in Syracuse?

Mr. JONES. No; I do not.

The CHAIRMAN. Or from West Virginia?

Mr. JONES. No; I do not.

The CHAIRMAN. Or from the Trenton potteries?

Mr. JONES. I should think it was about the same.

The CHAIRMAN. Then when you said, as I think, that the difference was 7 per cent in favor of the American pottery on freight, when you replied to Mr. Underwood, you were talking without knowing what the freight was from those points of sale to your point of sale; absolutely without knowledge?

Mr. JONES. No; I have not that knowledge.

The CHAIRMAN. About this breakage, do I understand that of your importations the average breakage is $2\frac{1}{2}$ per cent? Is that what you were trying to say?

Mr. JONES. That is what I suppose we could reckon on.

The CHAIRMAN. You calculated that that is the average breakage in shipping pottery to you?

Mr. JONES. From the foreign potter?

The CHAIRMAN. Yes; $2\frac{1}{2}$ per cent. That is correct, is it?

Mr. JONES. Yes.

The CHAIRMAN. Do the sellers allow you for that?

Mr. JONES. They make no allowance whatever.

The CHAIRMAN. Do you collect it from the transportation companies?

Mr. JONES. Very rarely.

The CHAIRMAN. And there is breakage on domestic pottery, is there not? I suppose that will break, will it not? [Laughter.]

Mr. JONES. Yes.

The CHAIRMAN. And it is as apt to break on the cars as on an ocean steamer?

Mr. JONES. Oh, no. It does not have so many transfers in transit.

The CHAIRMAN. Have you ever estimated the breakage on the domestic pottery shipped to you?

Mr. JONES. I think it would be very small.

The CHAIRMAN. Have you ever estimated it?

Mr. JONES. I never have.

The CHAIRMAN. Have you ever kept an account of your importations and breakage of foreign pottery in your stores?

Mr. JONES. I think they have an accurate account.

The CHAIRMAN. Do you know?

Mr. JONES. I do not know. I will tell you what I think, in answer to that question.

The CHAIRMAN. I did not suppose you are doing business in such a loose way as that, that you do not keep account of it.

Mr. JONES. I think in dull times we keep an accurate account. I think in busy times we allow it to lapse.

The CHAIRMAN. Of course the pottery would not break any more in dull times than in busy times? [Laughter.]

Mr. JONES. No, sir; but then we ascertain what our conditions are, in dull times.

The CHAIRMAN. Will you kindly look at your books and make up a statement of what that breakage is for us?

Mr. JONES. If that record was continuous, I will. I will make inquiry about it.

The CHAIRMAN. If you do not think it material we will pass it by. You were contending for an advantage of $2\frac{1}{2}$ per cent to the American producer on that account. I want to know what the fact is on foreign pottery and what the fact is on domestic pottery, and I want to see what the difference is, if there is any.

Now, on the packages, do you remember how Congress came to put a duty on packages of crockery?

Mr. JONES. I think I can give you a history of that.

The CHAIRMAN. Briefly, was it not on account of the fact that the producers of pottery abroad and the importers entered into a sort of scheme to pack their crockery in fine cases to go with the crockery, and insisted that these cases, sometimes made of silk and other material of value, should come in free of duty? That was the case, was it not?

Mr. JONES. Not as applied to crockery. I will tell you the fact about that. When that tariff law was made, eliminating the duty on packages, it was an unskillful expression. It said "eliminating the duty on all packages." That was taken advantage of, because exporters from France of workboxes would put into an inlaid workbox, worth 30 francs, a pair of scissors and two or three thimbles, and then they would put those workboxes, costly packages in themselves, into a large case, and they claimed in court that it meant an elimination of the packages.

The CHAIRMAN. And the court sustained it, and it came in free. Now did not this apply also to fancy tea sets and fancy sets of crockery, where the case was a considerable portion of the value?

Mr. JONES. I never heard of that.

The CHAIRMAN. And when Congress came to consider the question, did not Congress first exempt from duty the usual ordinary package?

Mr. JONES. I can not answer that.

The CHAIRMAN. And the importer claimed that the usual ordinary package was this fancy package or box, the usage of which had grown up on the examination theretofore of the packing case from duty?

Mr. JONES. That, I think, was the experience, but I want to say this in regard to that—

The CHAIRMAN. So that Congress was compelled to put a duty on the package in order to restrict or prevent either the importer or the shipper abroad from smuggling in, under the law and the decisions of the court, these fancy packages?

Mr. JONES. Yes. The collector of the port of Boston asked me to sit with him and frame a paragraph that would save the Government from any loss of duty—a paragraph as to what the outside packages meant, which was to become a part of the tariff bill pending, so that we framed a paragraph that said that all the outside packages, such as crates, casks, and cases necessary to safe transportation of the merchandise, shall be admitted duty free, and on that the collector of the port and the deputy collector, who was with us, said: "That would take away any chance to wriggle over what was a package and what was not." That was taken to Washington, but the American potters came along and said: "No, no; we want them to pay duty on packages." They wanted it all, and they got it.

The CHAIRMAN. I think you will find the reason for the enactment of that law grew out of the proposition of importers and shippers abroad trying to evade it and get in these fancy packages without paying the duty.

Mr. JONES. I think you are right about that.

The CHAIRMAN. Congress was compelled to do it for that reason, and compelled to do it on all these packages, because of the decision

of the court that these fancy packages had got to be the ordinary packages; and when we said "ordinary packages" they still got in those fancy boxes; so that if hardship is suffered, it comes in consequence of that practice. But I should think a crate for high-priced crockery is a very insignificant portion of the cost of the pottery, is it not?

Mr. JONES. How about the low-priced pottery?

The CHAIRMAN. I am speaking of the high-grade pottery now. We will come to the low grade later. It seems the low grade is generally made in this country—that is, the common yellow ware—under the present duty, and possibly the duty paid on the packages must be very small.

Mr. JONES. It is 15 or 20 per cent of the contents.

The CHAIRMAN. On the package?

Mr. JONES. Yes; on low-grade goods. You take a crate of ware, of common yellow ware, that comes to about 2 pounds 10, and put 17 shillings and 6 pence on, and I think I am right.

The CHAIRMAN. Now, Mr. Jones, is the value of the cratage 1 per cent of the actual value of that common yellow ware?

Mr. JONES. One per cent?

The CHAIRMAN. I say the actual value, not the importing value.

Mr. JONES. The value is what we have to pay for it—17 shillings and 6 pence.

The CHAIRMAN. Do you say the crate is 17 per cent?

Mr. JONES. No; 17 and 6 pence, which, on a crate valued at 3 pounds, would certainly be more than 1 per cent or more than 5 per cent or 6 per cent. It would be a very large percentage on the cost of the contents.

The CHAIRMAN. Put on what crate?

Mr. JONES. On a crate of ware that would figure 2 pounds 10, or 3 pounds. You add the crate to that and pay 6 per cent on it and you would find it a very large per cent.

The CHAIRMAN. That is the worst possible exhibition of it, is it not?

Mr. JONES. Yes.

The CHAIRMAN. And when you get a crate of the highest grade, what would it be?

Mr. JONES. It might go up to 20 pounds sterling.

The CHAIRMAN. And the rate on that would be what?

Mr. JONES. Seventeen and 6 pence would be a much smaller percentage.

The CHAIRMAN. Inasmuch as you do not import much of the lower grade and do import more of the higher grades, is that hardly worth mentioning?

Mr. JONES. I think it is; decidedly.

Mr. CLARK. Mr. Jones, all these questions that the chairman has asked you and your answers to them, and all the questions that you asked him and his answers to them do not change the fact that, in the end, paying tariff on these crates increases the tariff on the contents, do they?

Mr. JONES. They do increase it decidedly.

Mr. CLARK. Whatever the cost of the crate is, in the end it is added really to the tariff on the contents?

Mr. JONES. Sure.

Mr. CLARK. And the cheaper the contents, taking the same kind of crate, the greater the total amount of tariff added by the tariff on the crates?

Mr. JONES. That is true.

Mr. CLARK. Now, there is another thing I want to ask you. Everybody knows who reads the newspapers that there has been a vast amount of complaint and accusation in the last year to the effect that there is a systematic undervaluation of articles that come into this country from Germany, and a great many people charge that it is through the connivance of our Administration with the Germans. Has anybody ever undertaken to get at the truth of that—any particular importers—or do they simply stand back and make these charges because it is easy to talk?

Mr. JONES. I think that is grossly exaggerated—that idea.

Mr. CLARK. If you think it is grossly exaggerated why don't our importers undertake to find out the truth about it? It is a fact that can be ascertained, is it not?

Mr. JONES. I think the Government has sent a commission over there to try to ascertain.

Mr. CLARK. But if it turns out that this administration is in connivance with the administration over there, then the experts sent from here by the Government here would come back and report what the Government here would want them to report, would they not?

Mr. JONES. That depends on the influence which the higher officials have over the lower officials. [Laughter.]

Mr. CLARK. If that thing goes on, why don't the importers send experts over of their own? They can send experts over just as well as the Government could?

Mr. JONES. Exactly.

Mr. CLARK. We would like to know the truth about it. That is all.

Mr. JONES. Now, Mr. Chairman, I would like to say what I have omitted to say, that many articles of American pottery production, in my belief, are sold for less abroad than they are to the home market.

Mr. CLARK. Mr. Witness, I have to leave here in a minute, and there is one suggestion I want to make about your statement when it is filed here. Of course we want information that we can understand when you file your brief here, and I wish when you do file it you would file it in American money, not in English money, because it takes too much time to reduce it back. I could do it when I was a boy, but I can not take time to do it now. [Laughter.] State, in American money, the percentage of tariff that this box business adds to the different grades—the high grade or fancy grade, the medium grade, and the low grade.

Mr. JONES. Do you want me to send that to the chairman?

Mr. CLARK. I want you to put that in the statement which you will file ultimately. You can file anything until the 4th of December. That will be information which would be information.

Mr. JONES. Now, one moment more, and I will be glad to give way to the next witness. I believe that many American pottery products are sold for less price abroad than here. I have been told so by producers. Knowing that you wanted facts here, I tried to find out the facts.

The CHAIRMAN. We would be very glad if you would get all the information you can, and in your brief state the sources of your information.

Mr. JONES. I tried to get those facts so that I could formulate them to your satisfaction. I was told by one party that we do sell for less abroad than here. Then I tried to get the representative of a very large exporting house which has large agencies in Australia and China and Japan, exporting American products, to get for me that information. I have his letter in my pocket, and he said, "I made the endeavor for you, but the answer was that they had several of those inquiries, and 'At this time we are not furnishing catalogues or price lists to be used against us.'"

The CHAIRMAN. And while you are getting that information you might also include in it how much cheaper German pottery is sold in this country than it is sold in Germany.

Mr. JONES. How is that?

• The CHAIRMAN. You might add to that information such information as you can get as to how much cheaper German pottery is sold in this country than in Germany. That is, how much it is shipped here and sold for less than in the German market.

Mr. JONES. If I find out I will let you know. [Laughter.]

Mr. UNDERWOOD. Is it a fact that the foreign pottery is sold cheaper in the foreign market than in the home market?

Mr. JONES. I have heard of it, but I do not know.

Mr. GRIGGS. Will you give me the name of the importing house you referred to?

Mr. JONES. He did not give me the information.

Mr. GRIGGS. I know, but can you not give me the name of the importing house which was asked to furnish the information?

Mr. JONES. It might hurt him with those manufacturers if he gives it away. His answer was, "I can not get it, because they say, 'We are not giving away catalogues.'"

Mr. GRIGGS. I understand. We are trying to get the name of the house that made the answer, not the house from which he got it.

Mr. JONES. I will do it with his consent. You see it would affect him if he gives that away.

Mr. GRIGGS. I see; that is as far as you can go.

Mr. JONES. I do not want to give away a private conversation without permission.

The CHAIRMAN. Then why do you mention it? We want the facts, not your private conversations. You make a statement, and you will not give the man's name. We want the fact.

Mr. JONES. Mr. Chairman. I did give you the fact that he tried to get this and was told that they were not giving away price lists and catalogues against themselves.

The CHAIRMAN. I want to get the fact of this man's name.

Mr. JONES. You mean the man who made the inquiry or the man who was to answer it?

The CHAIRMAN. I mean the man who told you so.

Mr. JONES. With his consent. I will let you know.

The CHAIRMAN. What is that?

Mr. JONES. I say, with his consent I will inform you. I have his letter in my pocket.

Mr. BOUTELL. It is no trouble for this committee to find out the names of all the exporting houses. It seems to me this man's name is immaterial.

Mr. JONES. If I can help you, I will.

Mr. BOUTELL. I say there is no trouble about ascertaining the names of all the exporters of American pottery.

Mr. JONES. Yes; any big pottery will give you that.

Mr. DALZELL. The truth is, Mr. Jones, is it not, that somebody told you that these goods were being sold abroad for less prices than they were being sold for at home, and you started out to verify that and could not do it? Is not that the real truth about it?

Mr. JONES. Yes; as you put the question.

Now, Mr. Chairman, this is no myth—

Mr. DALZELL. It seems to be. [Laughter.]

The CHAIRMAN. If you can get information showing where goods are sold abroad more cheaply than they are sold here, and will also find out what is the difference in the German price between what the German goods are sold for at home and abroad, it would be of some importance to the committee—I do not know how much; it depends altogether on circumstances—and you should give all the circumstances attending it.

Mr. GRIFFS. If he could furnish the name of the gentleman who wrote him this letter, would not that give us the opportunity to ascertain the facts that he did not ascertain?

The CHAIRMAN. We can appoint you as a subcommittee of one to go to him and find it out. [Laughter.]

Mr. UNDERWOOD. Can you ascertain the fact of the amount of exportation of china ware from this country, and the prices at which it is sold abroad?

Mr. JONES. I will if I can obtain it.

Now, let me say one word. In talking with this pottery interest, he told me he sold at a less price in Canada than here. I said, "When you get to a point where you can sell cheaper abroad than you do here, and when you ask for more protection, it is like asking the Government to butter your frosted cake." And that is what I believe. You are trying to butter a man's frosted cake by continuing protection to him when he can sell abroad cheaper than here.

The CHAIRMAN. That depends a good deal on whether a man is selling his surplus abroad, whether he is trying to get into a market abroad by putting his goods down lower than the producers in that market, and upon other circumstances. The sale of a single lot of pottery abroad cheaper than in this country does not matter and is not in itself significant. A man who is trying to get a new market may sell cheaper in the new market. Merchants all do the same thing. It depends on the circumstances whether it has any significance or not. That is the reason why I wanted to get at this man and find out what the circumstances are, and yet you do not seem to be willing to give the information, and we can not safely assume that he is selling all the time abroad cheaper than he is at home.

Mr. JONES. Sometimes a million dollars of American pottery went out of this country in less than seven months.

The CHAIRMAN. I wish there were more of it.

Mr. JONES. I would not object to that, too. I am an American.

Mr. FORDNEY. I have heard for many years about goods being sold abroad cheaper than here, but I never knew of an actual case, did you? Did you ever know of a firm selling an article abroad cheaper than here under the same conditions as those under which it was sold here, everything being equal?

Mr. JONES. I supposed it was a matter of common knowledge that steel rails sold for \$18 abroad and for \$28 here.

Mr. FORDNEY. I have heard of that, too. Do you know of a case?

Mr. JONES. No.

Mr. FORDNEY. You have only heard that steel rails are sold cheaper abroad?

Mr. JONES. I have been informed that—

The CHAIRMAN. We will hear about that later on.

Mr. JONES. I think Mr. Dalzell can post you on that.

Mr. DALZELL. I have read it in the newspaper—where you did, probably. [Laughter.]

Mr. GRIGGS. If you make up your mind that you can let anybody have that letter, and if nobody else wants it, I will take it. [Laughter.]

Mr. JONES. I will try to get the consent of the man. The letter is in my pocket. It is no myth, you know. I do not want to take advantage of private correspondence.

Mr. GRIGGS. We will be very glad to have it.

Mr. JONES. Your name is what? [Laughter.]

Mr. GRIGGS. Griggs. [Laughter.]

STATEMENT OF MR. GEORGE W. KINNEY, OF KINNEY & LEVAN, CLEVELAND, OHIO.

The CHAIRMAN. Won't you state your business, Mr. Kinney, first?

Mr. KINNEY. I am in the wholesale importing and sale of domestic and foreign goods at Cleveland, Ohio.

The CHAIRMAN. Proceed, Mr. Kinney.

Mr. KINNEY. Thank you. Mr. Chairman and gentlemen, with Mr. Jerome Jones I am also a wholesaler of pottery and glassware. I represent in this matter directly Messrs. Kinney & Levan, but I also represent the wholesalers in this country, not by reason of any agreement or composition, but by virtue of the fact that their interests are as one with mine and, when I refer to the wholesalers I wish to direct your attention to the fact that these men are interested in the distribution of pottery and glassware, both domestic and foreign. These wholesalers have invested in this country more than \$25,000,000. We employ many thousands of wage-earners, and we feel that we are just as much citizens of the United States, with as great a right to petition the Congress, as any manufacturer who has come before you.

We do not care whose wares we sell, being selfishly impartial on that score, and if the American consumers are willing to pay more for foreign wares, we want to be able to supply them, and we do not believe that the American consumer should be precluded from buying foreign goods, wares, and merchandise, provided they will pay the price, simply because the sale of, say, a foreign dinner set will prevent the sale of a domestic dinner set, and we make this statement in all confidence that you gentlemen will agree with us, because it is manifest that there would be no revenue to pay the expenses of the

Government if this theory were carried to its logical conclusion, which, by the way, is the theory which the domestic potter has seen fit to advance.

In a dispatch to the Newark Evening News on Friday, November 13, 1908—a dispatch which appears to have been more or less inspired—it was stated that the American potters entertained very divergent views with regard to the revision of the tariff. Some believed that the present schedules are sufficiently high, but they complain of undervaluations. Others believe that a general raise will be necessary to meet the competition.

Still a third class believe that the tariff should be raised to meet Japanese and German competition without making any change as regards the product of other countries, inasmuch as the present schedules are already high enough to enable the American potters to compete successfully with the products of France and England, which, in many instances at least, command an exclusive patronage that does not threaten the industry here.

This latter suggestion is one that appeals to us as being entirely new in tariff legislation, and one that has little chance of becoming a law so long as the treaties of the United States are to be regarded as effective, and we do not wish to invite tariff war.

Now with regard to Japanese goods, I, as a dealer and wholesaler, can positively assure you that to all intents and purposes the cheap grades are a drug on the market, but even if there were any increased demand for these goods, is it fair, is it proper, or is it in any sense logical that the tariff schedules should be so advanced as to keep these goods out when we all know that such a tariff would be prohibitory as against England, France, Germany, Austria, and in fact all the rest of the world? Bear in mind, gentlemen, that Japanese goods do not compete in any way with American goods; they are not the same in any sense whatsoever. Nobody ever heard of Japanese dinner sets as a commercial proposition, for the simple reason that they have not been made. Their primitive methods of manufacture are such that the proposition is not commercially practical. The goods imported are mostly, if not entirely, handwork, consisting of hollow goods, artistic goods, small dishes, and things which do not warp in the kiln, but when it comes to flat goods and covered dishes they can not be successfully manufactured in comparison with the quality of goods that are produced by the American potter.

It is true that Japanese labor is cheap, but not so cheap as some would have you believe. A machine that demands the labor of one American is operated in Japan by three men. The cost of labor can not be compared on account of the inefficiency of the Jap, and in addition to these facts and to the fact, as before stated, that Japanese wares do not compete with American wares, we have faith to believe that so long as there is a demand in our markets for Japanese goods the goods will be sold whether the duty is 60 per cent or 600 per cent.

When we come to the question of French pottery, otherwise known as Limoges ware, we have the admission of the domestic potters themselves that, whereas these goods have an exclusive patronage, they do not threaten the industry here.

With regard to the German china ware situation, I am credibly informed that no ware of this class is or has been produced here, for the reason that the clay and other component materials have not so far been produced in this country.

Furthermore, the class of china imported from Germany and Austria is largely specialties and novelties peculiar to them. We therefore do not feel that it is necessary to go into this proposition.

On English ware we desire to submit a schedule of figures showing the actual protection enjoyed by the American potters under the Wilson tariff act, which must convince you that the protection of 35 per cent and 60 per cent on pottery is one of the largest ad valorem rates provided for in the tariff. In this rate we have involved the proposition of geographical protection: First, the excessive cost of packing, owing to the fragile nature of the goods; second, the duties levied on package charges; third, foreign inland freight to seaport; fourth, ocean freight to the Atlantic seaboard; and fifth, marine insurance, forwarding commissions, and consular fees.

These items represent a very heavy percentage of the cost of the goods, and give a natural protection to home industry which approaches, and in many instances exceeds, the duty imposed under the protective tariff law, as shown by the following calculations based on official records taken from actual importations where the duty was 30 to 35 per cent. [Reads:]

	Geographical protection.	United States duty under the 30 per cent act.	Total protec- tion under the 30 and 35 per cent act.
	Per cent.	Per cent.	Per cent.
No. 1, white granite ware (largely used by the farmer).....was.....	39	30	69
No. 2, printed ware.....was.....	27.5	35	62.5
No. 4, transfers and gilt-edged ware.....was.....	21.7	35	55.7

These calculations are figured out and will be shown in detail on the brief which we will file with you later.

The CHAIRMAN. You can file a copy.

Mr. KINNEY. The assertion of American potters that their business was completely demoralized by the act of 1894, when duties under the Wilson bill were 30 and 35 per cent, is not in accordance with the following extract taken from the columns of a reliable trade journal, being the statement of Mr. Charles W. Franzheim, president of the Wheeling Pottery Company. [Reads:]

The Wheeling Intelligencer, on New Year's Day, printed contributions from a number of distinguished people on various subjects, mainly industrial, and Mr. Charles W. Franzheim, president of the Wheeling Pottery Company, was asked to note the progress of Wheeling's potteries during the past year, and did so as follows:

Mr. DALZELL. What New Year's Day was that? What year?

Mr. KINNEY. It was during the pendency of the Wilson bill. It must have been prior to 1897.

Mr. DALZELL. Prior to 1897?

Mr. KINNEY. Yes, sir. [Continues reading:]

The year just ended has been a very remarkable one in the history of the Wheeling potteries. While many other industries have languished or been partially inoperative during the past few months incident to the uncertainty of the political struggle so happily ended the local manufacturers of pottery have had a very remarkable run.

Although prices have been low and profits necessarily scant, owing to the reduction of almost 50 per cent in the tariff rates governing pottery, and while foreign manufacturers of pottery who cater to the American market have been partially employed, the potteries of Wheeling have manufactured and shipped more goods during the past twelve months than ever in their history during the same period of time.

This fortunate condition of affairs did not exist, however, in all the ceramic centers of the United States, but was due locally to the fact that Wheeling is rapidly acquiring a reputation for its pottery products second to none in this or in any foreign country. It is with pardonable pride that we can say to-day that the stability of our wares, the beauty of our designs, and the highly artistic effects of our decorations have given Wheeling wares a prestige during the last few years that has created for her the splendid demand that has kept her potteries busy during the year just past.

That the reader may form a comprehensive and general idea of the volume of business done in this line in this city during the past year I have but to say that over 6,000 tons of crude materials have been worked over by 800 employees into not less than 8,000,000 pieces of ware.

The year just ushered in will doubtless prove an equally busy one, especially as we anticipate some recognition from the next Congress in the shape of a moderate increase in tariff that will justify at least the continuance of present wages and perhaps leave some margin of profit to those who have contributed to the operation of an industry of which the city of Wheeling can well feel proud.

The following statements of actual importations show the amount of protection the American potters enjoy under the present duty of 55 and 60 per cent. [Continues reading:]

Crate English white granite ware of best make.

	£.	s.	d.	
Factory, gross	12	10	0	
Less 57½ per cent and 5/5	7	14	1	
Net	4	15	11	Cost.
Crate, net		16	9	\$23.40
Freight and charges to Liverpool and proportion consul's fee and bill of lading				4.10
Ocean freight to Baltimore				2.08
Marine insurance .....				.80
				.20
Cost at seaboard in United States before duty is added				30.58
Duty on crate			\$2.25	
Duty on goods			12.65	
				14.90
Total cost, duty paid				45.80
The same assortment of American ware of best make, cost, packed for shipment				37.78

A duty of 26 per cent on this English package would make its cost equal to the selling price of the American package.

In one case you will notice that I am taking the cost of the goods to the biggest buyer in the United States, the biggest importer in the United States, as the goods are landed at the wharf of the cheapest shipping market of the United States, as we consider Baltimore to be, as against the selling price of the domestic manufacturer. This protection, as I stated, was 26 per cent on the actual cost of the goods.

The freights, insurance, shipping charges, and crate, and duty at 55 per cent make a total protection of 95 per cent on first cost of goods alone at the factory. [Continues reading:]

Crate P. G. English White, best make.

	£.	s.	d.	Cost.
Factory gross.....	12	10	0	
Less 52½% and 5/5.....	6	12	0	
Net	5	7	3	\$26.17
Net crate		16	9	4.10
Freight and charges to Liverpool and proportion of consul's fee and bill of lading.....				2.08
Ocean freight to Baltimore.....				.80
Marine insurance .....				.20
Cost at seaboard in United States before duty is paid.....				33.35
Duty on crate, 55 per cent.....				\$2.25
Duty on goods, 55 per cent.....				14.30
				16.55
Total cost, duty paid.....				49.90

Same assortment American ware, best make, cost, packed for shipment, \$37.28.

A duty of 15 per cent on this English package would make its cost equal to the selling price of the American package.

The outside package, freights, insurance, shipping charges, and duty at 55 per cent make a total protection of 90 per cent on first cost of goods alone at the factory.

I have got only three of these illustrations. [Continues reading:]

Crate of English transfer decorated ware, best make, or white and gold.

	£.	s.	d.	Cost.
Factory gross.....	12	10	0	
Less 20 per cent and 5/5.....	3	9	6	
Net.....	9	0	6	\$44.04
Crate net.....		16	9	4.10
Freight and charges to Liverpool and proportion of fee and bill lading.....				2.08
Sea freight to Baltimore.....				.80
Marine insurance .....				.25
Cost at seaboard in United States before duty is added.....				51.27
Duty on crate				\$2.46
Duty on goods, at 60 per cent.....				26.40
				28.86
Total cost, duty paid.....				80.13

Cost of same assortment American ware, best makes, packed ready for shipment, \$61.30.

A duty of 21 per cent on this English package would make its cost equal to the selling price of the American package. The freights, insurance, shipping charges, crate, and duty at 60 per cent make a total protection of 81 per cent on the first cost of the goods alone at the factory.

With respect to the glassware situation, the American manufacturer has practically the entire market of this country on pressed glassware, and is able to export quite a quantity of the goods in certain countries.

As to imports, they are confined principally to lamp chimneys, shades, and to a limited amount of blown glassware.

In regard to toilet ware, tiles, and sanitary ware, an importer in New York informed us a few days ago that whereas formerly he was

importing as much as 5,000 crates of toilet ware yearly, to-day he is not bringing in a single crate. I am informed that under the schedules of the Dingley bill the importation of sanitary ware and tiles is almost prohibited. Under these circumstances there is no revenue.

Pottery products to the value of substantially \$1,000,000 were exported during the fiscal year 1907.

Mr. COCKRAN. Let me ask you right there: Do you attribute this lack of importations to the tariff, or to the superiority of our goods?

Mr. KINNEY. It is absolutely the tariff, together with the geographical protection.

The CHAIRMAN. May I suggest [addressing Mr. Cockran] that he be allowed to complete his paper before you enter into that? Proceed, Mr. Kinney.

Mr. KINNEY. I say pottery to the value of a million dollars was exported during the fiscal year 1907.

Mr. UNDERWOOD. Will you repeat that statement?

Mr. KINNEY. Pottery manufactured in this country was exported during the year 1907 to the extent practically of about a million dollars.

Mr. UNDERWOOD. What percentage is that?

Mr. KINNEY. I was told to finish here, and then I will be glad to answer your question later.

Mr. UNDERWOOD. All right.

Mr. KINNEY. We have heard a great deal on the subject of undervaluation. I presume that the question was first raised in the year 1789, and without doubt it has been prominently brought before the country at recurring periods since then whenever the subject of tariff legislation was broached. I do not understand that this is a matter for the consideration of the Ways and Means Committee in the fixation of tariff schedules. Whether the rate be low or high it is no restraining influence upon undervaluations, unless we consider the proposition that the lower you make the schedule the less the inducement is to undervalue. Per contra, the more you raise the schedule the greater the inducement to undervalue. And hence these gentlemen who come forward and ask that the rates be advanced in order to compensate for undervaluation are absolutely illogical in the first place, and in the second place they have come to the wrong forum. There are statutes which have been enacted by Congress for the prevention of frauds upon the revenue. If these gentlemen are sure of the fact that there is any undervaluation, let them report the facts to the proper authorities, to the end that the guilty may be prosecuted with the utmost rigor.

We stand here and solemnly affirm that we do not believe in this proposition of undervaluation. The Treasury Department is provided with competent experts both here and abroad. The members of the Board of General Appraisers are appointed by reason of their knowledge and skill in customs matters, and the whole power of the Government is back of them to determine the values at which imported merchandise shall be entered and upon which duties shall be paid. You must take either the one or the other horn of the dilemma and admit that the allegations of undervaluations are untrue or that the members of the Board of Appraisers and experts of the Govern-

ment are incapable and inefficient and have violated the oath of office which they took upon their appointment.

These gentlemen are as well acquainted with the values of merchandise as are the importers or the manufacturers of domestic merchandise, and when it comes to a question of statistics on the undervaluation of merchandise it is either necessary for you to accept the report of the Board of General Appraisers as to the percentage of undervaluation, which is infinitesimal, or else charge the board with incapacity in that the undervaluation was not discovered.

As a matter of fact, the advances on entry which are referred to in the report of the Board of General Appraisers are almost exclusively the advances made by the importers, and these additions are made not because the importer did not purchase the goods at the actual price set forth in the invoice, because he can and will continue to buy in the open market of Europe at those same prices from parties who are willing and do sell goods freely and openly in usual wholesale quantities at those prices, but he adds to his invoice price because the local appraiser has advanced the values of some importer who has not bought wisely, who has bought in less than usual wholesale quantities, or because there is an honest impression in the mind of the appraiser that the purchase price is too low. To meet his ideas the importer voluntarily adds on entry to make market value, pending the determination of the question before the Board of General Appraisers, and to the end that he may not be held in damages in the meanwhile and have penal duties assessed against him, and eventually the Board of Appraisers, upon the hearing of testimony, decides that the original purchase price as disclosed in the invoice was the correct market value upon which duties should have been paid, and they so return the invoice, and in all cases where additions on entry have been made as outlined above, notwithstanding the fact that the Board of General Appraisers may subsequently sustain the entered value, the importer who has made a voluntary addition on entry has no recourse whatsoever against the Government for the excessive amount of duties paid by him.

It may not be amiss to say with respect to the valuation of French pottery that, after a hearing before the Board of General Appraisers, certain invoices of French ware were advanced $16\frac{1}{2}$ per cent, or $26\frac{1}{2}$ per cent over and above the price at which similar Limoges ware was sold in the market of Limoges; that this appraisement was set aside and is now pending in the United States circuit court. Notwithstanding this fact the Treasury Department sent a commission to Limoges, consisting of Mr. James B. Reynolds, Mr. Marion de Vries, and Mr. Byron S. Waite, the Assistant Secretary of the Treasury, and the other two members of the Board of General Appraisers. And subsequently, out of all the negotiations, was evolved a list upon which the china people will enter their merchandise, and that without regard to the $26\frac{1}{2}$ per cent advance or anything else.

With respect to England, where Mr. William Burgess, of Trenton, N. J., who was formerly a pottery manufacturer of Trenton and United States consul at Staffordshire at the same time, and who is now connected in some capacity with the American Pottery Associa-

tion, in a letter addressed to a well-known New York importer, stated [reads] :

In reply to yours of late date, stating that I had accused the importers of English wares of undervaluations in their custom-house entries, I beg most emphatically to deny any such charges. On the contrary, I have publicly and privately stated and still maintain that there has been little or no undervaluation of this class of goods, and do not believe that there could be, even if there was a disposition, on account of the well-known values of the goods.

I think we may, therefore, feel fully justified in saying merely, without charging that the allegation in this behalf was put forth with ulterior motives, that the existence of undervaluation is far more fancied than real.

With respect to the question of statistics, I do not wish to take up the time of the committee with any statement in this behalf, merely requesting at this time the privilege of subsequently filing a brief on this and other points which it has not been possible for us to bring out in the limited time at our disposal; but we wish to invite the committee's attention to the fact that the production of general ware in this country has increased from \$9,479,519 in 1890 to \$16,000,000 in 1907. With respect to the importations of decorated china in 1890, in round numbers it was \$5,000,000; in 1893, \$6,821,000; in 1896, \$8,223,000; in 1903, \$9,000,000; in 1905, \$10,000,000; and in 1907, a little less than \$12,000,000. In other words, there has been, so far as imported merchandise is concerned, a natural, healthy, reasonable increase in the importations, and there was no unusual or excessive increase during the pendency of the act of 1894, to wit, the Wilson bill, when the duties were 35 per cent.

So far as the domestic potters are concerned, there has likewise been a reasonable, natural, and healthy growth of their business. In 1890 there were 239 pottery ovens. To-day there are 747. In 1890 the output was \$9,477,000; to-day it is \$16,000,000.

We think, under all the circumstances of the case, that these gentlemen ought to be content with that measure of protection which they themselves have seen fit to exact. During the last twelve years they have been selling their goods at a price that required no greater protection than that which was provided for in the act of 1894. It is due primarily to internal competition that their prices are so low that they have not been able to secure as much profit as they desired, and not in any sense to the line of protection fixed in the tariff act; and we therefore ask that the measure of protection be fixed, not at any advance over the present rates; not at the line specified in the Dingley Act, but at the rates specified in the Wilson bill—30 and 35 per cent.

The CHAIRMAN. Under the Wilson bill, Mr. Kinney, the importations in 1896 were over \$8,000,000, and increased from \$5,000,000 the last year of the McKinley bill, when the duty was 60 per cent, to something over \$8,000,000 in two years under the Wilson bill. Is that not true?

Mr. KINNEY. I haven't those figures before me, Mr. Chairman.

The CHAIRMAN. Well, I have them before me. Then the Dingley Act came in, and in 1898 the importations were less than \$4,000,000. Of course that was on a smaller or narrower market than there is to-day on account of the increased population. And in 1907 the

total importations on painted glass were \$8,913,000, or nearly \$9,000,000, so that it would appear that there was a slight advantage to an importer at least under the 35 per cent duty.

I did not understand the name of the gentleman whose letter you read, stating that there is no undervaluation of any consequence.

Mr. KINNEY. Mr. William Burgess, who is associated with the American Potters' Association.

The CHAIRMAN. Where was that letter published? I suppose it was published. Is it a private letter?

Mr. KINNEY. It was a private letter, and it was shown to a gentleman who made this statement to me. I will acknowledge that I did not see the letter myself, but the statement was made. I think the letter is in the room at the present time.

The CHAIRMAN. You say the letter is here? Let it be produced and go into the record, the whole of it. That is the shortest way out of it.

Mr. KINNEY. I have the letter here, dated October 9, 1897, and I believe that the situation is exactly as good to-day as it was that date. Following is the letter referred to:

INTERNATIONAL POTTERY COMPANY.

MANUFACTURING POTTERS.

Trenton, N. J., October 9, 1897.

Mr. EDWARD BOOTE,

50 Park Place, New York.

MY DEAR SIR: In reply to yours of a late date, stating that I had accused the importers of English wares of undervaluations in their custom-house entries, I beg most emphatically to deny any such charge. On the contrary, I have publicly and privately stated, and still maintain, that there has been little or no undervaluation of this class of goods, and do not believe that there could be, even if there was the disposition, on account of the well-known value of the goods.

Yours, respectfully,

W. BURGESS.

The CHAIRMAN. Do you believe in the theory of Mr. Jones, that the lower the duty the less the undervaluation?

Mr. KINNEY. Possibly you did not hear; I mentioned that in my report.

The CHAIRMAN. You do not believe in that theory? You do not subscribe to it?

Mr. KINNEY. I think that that is right, sir.

The CHAIRMAN. From 1897 to 1907 there would be a margin of difference as to what the situation might possibly be as regards undervaluation?

Mr. KINNEY. I think an explanation of that would be a simple statement of the fact that if a man was trying to defraud he would be more tempted to defraud for a large amount than a small amount.

The CHAIRMAN. A man might be honest if he only made \$35, and dishonest if he made \$100.

Mr. KINNEY. That might be.

The CHAIRMAN. Have you the letter of 1897 referring to the importations and valuations of 35 per cent duty, while the condition to-day is on a 60 per cent duty for the same goods?

Mr. KINNEY. Well, Mr. Chairman, Mr. Burgess is here, and he will probably tell you what the facts are as to the rascalities of the importers at present.

Now, Mr. Chairman, you might forget to ask me a question upon this point, but I would like to mention the fact, and try to make it

clear from my standpoint, as to the impracticability of assessing a duty on the wholesale prices.

The CHAIRMAN. Yes; I would like to hear from you on that.

Mr. KINNEY. I did not hear what Mr. Jones had to say, but I wanted to be very sure that I made that point clear to you. Upon the importation of china from a foreign country—that is, bringing it into this country—there is no market value on it, but a very small percentage of the goods established before the goods are really sold. The goods are of a great variety.

The only reason to which we can attribute our success in importing goods is the fact that in each year the variety is changed. This year we have to have practically a new line of goods from those that we had last year, so we go in the open market in Europe—that is, my firm does, and has for the last twenty-five years—and we seldom buy the same thing that we had the year before. We go to the factories and select the novelties; in fact, we try to find the things the people are not posted upon with respect to price or value, and things upon which we can make a fair percentage of profit; because, after goods have been introduced here for a year they become close-outs, so to speak, and the market is changed. The people do not want them, regardless of price. They say, "I have had those last year and must have something new now." Very much like a woman over last year's bonnet. And for that reason we are constantly buying new goods, and the manufacturers are compelled to produce them each year or they can not hold their trade.

Now the price at which we sell those goods is not fixed, and can not be fixed until we get those goods and know what they cost us exactly laid down in a place of business in the interior of the country where most of us are; and then we see what we can get for those goods as a fair comparison against other goods of the same nature. We then fix the price at which we will sell them. The price is fixed in various ways. We have, I am free to say, three different prices on the same article, in which we are perfectly justified, and we tell every customer that we have got them. The first price is, for instance, \$2.25 a dozen for an article that retails for 25 cents. That means that if a man buys less than the package in which those goods come to us packed, the bundle in which they come—perhaps a dozen cups and saucers of different varieties of decorations packed in one bundle—if we break up that bundle we have to select out those different decorations which we have put there purposely to give our customers a great variety of cups and saucers, and pack them up again in another package, and be careful that they are not broken; and for that we charge 25 cents more than if the man buys the original package. So there is the first price of \$2.25.

The next price is for the original package if he buys them in the bundle in which they are packed. Then we come to the case proposition, or in some cases the gross proposition. We will say: "If you want to buy a gross of those goods we will make them to you at \$1.80." Or we will say: "In 50 to 100 dozen lots, if you wish to buy those goods, we will sell them for \$1.60." Then we come to the proposition for importation, and we say: "If you wish to buy those goods at the seaboard, we will sell them to you direct, and you pay the freight from the seaboard, and we will make you that for 10 cents less; or,

if you place an order with us for 10 cases of those goods we will import them for you, and we will have them here in six months from now, shipped direct from the seaboard, and in that case we will give another 10 or 5 cents less." I say that the only way it is possible to fix a duty on the wholesale price is to establish what percentage should be added to the first cost of the goods and make the wholesale price. If an importer in New York has goods which he imports for me, he will import them for me on 5 per cent of what they cost, while another importer might say: "You do not buy quite as many goods as John Smith does, but I will import for you, and will charge you 10 per cent about," and so on up to 50 per cent, when you come to selling in bundles at \$2.25 per dozen. That is the impracticability, as I see it, in my own opinion, of putting a percentage on a wholesale price. If these goods were staple, and if they were bought from year to year, and a market value fixed like there is on nails or iron or a great many other staple things, it might be a very much different proposition.

The CHAIRMAN. They are not all in the same degree, and there is the same difficulty about fixing a market price abroad on these goods.

Mr. KINNEY. The price is fixed by the manufacturer who makes the goods.

The CHAIRMAN. One factory may charge one price and another another price, and make larger sales by the case, as you say, than for a single dozen, and all that sort of thing. All those factors enter into it when you come to fix the price at all, do they not?

Mr. KINNEY. Yes, sir.

The CHAIRMAN. If we could fix it here, we could have the witnesses come here, and the matter could be determined; determined whether there was undervaluation or not, the appraisers could go into the matter, the witnesses could be summoned, examined, and cross-examined, and all that sort of thing, making them produce their books and invoices, and everything of that kind could be done here instead of having it depend entirely upon verbal statements without oath, or without sanction of law abroad.

Now, Mr. Kinney, right in that connection, have you not a suspicion that a duty of 35 per cent levied on the wholesale price here would give more revenue on the same amount of goods imported than the duty of 60 per cent upon the prices abroad, in the way they are now established for customs purposes?

Mr. KINNEY. I certainly do, for the reason that I believe the lower the duty the more foreign goods would come into this country.

The CHAIRMAN. Oh, no; I mean upon the same goods, not upon an additional amount of goods.

Mr. KINNEY. On exactly the same goods, Mr. Chairman?

The CHAIRMAN. The same importations.

Mr. KINNEY. I believe that the duty of 30 per cent or 32½ per cent, as you stated, added to the wholesale price of goods in this country, would bring more goods in from the foreign countries than at the present rate, because it would be a cheaper rate of duty, provided that you take the lowest wholesale price and not the highest wholesale price.

The CHAIRMAN. But the average wholesale price?

Mr. KINNEY. There is not any average.

The CHAIRMAN. Well, I do not know; if a man sells a lot of goods at one price, and you at another, and somebody else at another, there is an average price for the three of them.

Mr. KINNEY. That is exactly what you will find. You could not come to the city of Washington, or go to New York, or any other city and find a dozen dealers who had bought exactly the same thing knowingly that the other men had bought, and yet no two of them would have exactly the same price.

The CHAIRMAN. That is possibly true, and still that doesn't prevent fixing a wholesale price on these goods, which is the average price.

Mr. KINNEY. Well, Mr. Chairman, I believe that you want to get that down to a practical basis.

The CHAIRMAN. That is just exactly what I want to do. I want to get it so that the importers and manufacturers will both be satisfied that we are honestly collecting the duty which we prescribe under the law. That is all I want. I have no other interest in the matter, not a particle.

Mr. KINNEY. And we cooperate with you most heartily, and I wish that there could be some means devised by which this question of undervaluation would get out of the minds of our competitors; yet I do not believe that it exists through one-tenth of 1 per cent of what they think it does.

The CHAIRMAN. Now, in the fixing of these duties a good many things enter into the consideration of how to do it—the difference of cost here and abroad, and all that sort of thing—but the basis of it, if it is an ad valorem duty, is the fairness of the valuation, and if we can make that absolutely fair we have eliminated one source of uncertainty and injustice. But I have no doubt that both sides here would agree that any scheme that would enable us to collect the duty when we put it into the law would be the just and proper thing to do; so if you have any suggestions to make on that subject we would be most glad to hear them. What we want to get at is the fair collection of the duty.

Mr. KINNEY. I would feel that a change in putting valuations on goods on this side, as you suggest, would bring about a greater variance of opinions as to valuation that exists to-day when you buy them from the manufacturer. I was talking with a domestic manufacturer the other day, just as an instance to show you how profits are added. He said "I make a set that I sell for \$1.30. To be sure, I sell it close, and I do not know that I make practically anything out of it excepting the overhead charges. I put 35 cents' worth of decoration on that and I get \$3.25 for it, and simply because nobody knows what that decoration is worth. I put 25 cents' worth of decoration on it and I raise the price a dollar, and if I put 10 cents' worth of decoration on it I raise the price a half a dollar."

The CHAIRMAN. Do you mean to say that that is actually done?

Mr. KINNEY. The gentleman told me (and he is a man of his word) that that is absolutely a fact.

The CHAIRMAN. You spoke a few minutes ago about going abroad and buying some new styles of goods, and with respect to the change of styles, somewhat after the change in styles of women's bonnets. You stated that you buy them at such a price as you could make a fair percentage of profit. I think that states fairly what you said.

Is your idea of a fair percentage of profit the same as is this gentleman's that you spoke about, who places 35 cents' worth of decoration upon his goods and raises the price to \$3? Do you regard that as a fair percentage of profit?

Mr. KINNEY. I am too honest, but I believe it.

The CHAIRMAN. I wish the importers were the same way, because I think that that practice of going over there and buying these goods for the purpose of bringing them in here and selling them at this greater increased cost, if that exists, as you say it does in your case—

Mr. KINNEY. I did not say in my case, but I say the domestic product.

The CHAIRMAN. You said a fair percentage of profit. You did not tell us what that fair percentage of profit in this new style was.

Mr. KINNEY. A fair percentage of profit to a man who handles china is anywhere from 10 to 50 per cent on the first cost of his goods.

The CHAIRMAN. If you go over there and buy goods and come here and add 50 per cent of profit to them, it is apt to give a suspicion to some of these manufacturers that you are engaged in undervaluation.

Mr. KINNEY. But the 50 per cent profit is based upon 50 per cent over the cost of the goods. I referred to the \$2.25 open stock, and which is illustrative, where I open up and sell them at \$2.25, when I sell the same goods for \$1.50, but I would be glad to sell you or any other man in the world all the goods he will buy if he will pay for them on a 10 per cent margin, but he must buy them my way. He must take the goods from the seaboard. I have often sold them for less than that, new goods.

Now, I will explain another thing for you. I do not believe that any manufacturer figures on any positive and horizontal percentage of profit on his goods. I do not believe it is done by the domestic manufacturer. And I do not believe it is done by the foreign manufacturer. It is exactly like an artist who paints a beautiful picture. He will say "I will get a thousand dollars for that." Another man may put just as much work on a picture and sell it for less money.

The CHAIRMAN. Exactly so; and with a man of an easy conscience there is unlimited chance for undervaluation of these goods. is there not?

Mr. KINNEY. The only way I can see for undervaluation is connivance with the manufactory itself. In all cases where he buys the goods he furnishes the customer with an invoice and swears to it that it is a certified copy at the prices sold. If you put the question to Mr. Jones, and ask him if he imported any goods and paid a duty upon them at less value than he paid for the goods, he will tell you "No." I have imported goods for at least twenty-five years, and I have never had that come up to me. I have never paid duty on a dollar's worth of goods at a less price than we paid for the goods; and I will say further that we have never had a manufacturer suggest such a thing to us.

The CHAIRMAN. I do not know what the manufacturers do, but personally I have myself, when I have been over there, had them offer to give me two bills, one being at the lower rate for duty purposes and one at the purchase price.

Mr. KINNEY. I must qualify my statement of a moment ago—

The CHAIRMAN. Of course I made reply to that which was not complimentary to the gentleman who did it, and to my astonishment they very often testified—of course I made proper allowance for the truth of the statements made—that a great many American purchasers would take those two bills for the purpose of using one with the customs officials.

Mr. CLARK. Will you not state just exactly what you said to the man who made you that proposition, Mr. Chairman?

The CHAIRMAN. I told him that he not only wanted me to steal, but to make a false affidavit in order to do it, and that it was rather uncomplimentary to him that he had sized me up in that way.

Mr. KINNEY. That naturally raised some suspicion in your mind that that is the general practice in foreign countries. I would like to qualify my statement in this way: I said that I never had had a manufacturer of goods intimate that such a thing was possible to be done or could have been done or would be done. I have had the same experience that you have had exactly, that of going into some bric-a-brac store, or novelty store, or some antique place in Europe, and wanting something for my own use. They almost invariably say: "Do you want another bill for the custom-house?" I think that possibly there is one reason why the gentlemen around this board may feel that there have been undervaluations from the manufacturers' standpoint.

Mr. UNDERWOOD. Right there I would like to ask if that is not accounted for largely in this way: When you go into a retail house in London or in Paris and make a purchase you get it at a retail price?

Mr. KINNEY. Exactly.

Mr. UNDERWOOD. But if that same man was going to sell it to you laid down in New York, he would put it through the custom-house properly at the wholesale price, and therefore he marks down your bill for you. He marks it down to the wholesale price at which he or anybody else could mark it.

Mr. KINNEY. I have had exactly that same statement made to me.

The CHAIRMAN. And with that question and answer I do not wonder that there is undervaluation.

Mr. BOUTELL. I understand that your specific recommendation is a change of the 55 per cent rate to 30 per cent, and the present 60 per cent rate to 35 per cent?

Mr. KINNEY. Yes, sir.

Mr. BOUTELL. Are you also a retailer, like Mr. Jones?

Mr. KINNEY. To a limited extent.

Mr. BOUTELL. So that you know something, as a retailer, about the opinions of the retailers on these propositions?

Mr. KINNEY. Yes, sir.

Mr. BOUTELL. And you represent a large number of wholesalers?

Mr. KINNEY. Yes, sir.

Mr. BOUTELL. Are the wholesalers spoken of by Mr. Jones in the association?

Mr. KINNEY. Yes, sir.

Mr. BOUTELL. Or do you represent some independent ones?

Mr. KINNEY. I represent, I suppose—the fact is, I do not know how many I do represent. I was asked to come to New York by Mr. Jones

to meet him, and we would talk the matter over and see what argument we could present here which would be logical and fair.

Mr. BOUTELL. He spoke of an association containing some 70 or more.

Mr. KINNEY. I belong to that association, and I will say, in speaking of what Mr. Jones had said in regard to this association, that we get together once a year, have something to eat, and then spend the rest of the evening and possibly the day in talking over the situation so far as crockery is concerned. We talk about the good sides of it and the bad sides of it. We try to get together on a mutual understanding; in other words, what is a fair price—that is the way we put it to ourselves—for us to ask for white granite? The American sells his at so and so, and it costs so much laid down in New York; what is the fair price, and so on. Another gentleman speaks up and says, "Down on the Mississippi River we get so and so," and another says in New York he gets so and so. And then, after a while, a price is found that is generally agreeable, and we will go home and tell our traveling man to get that price when he can. We have a great many outside competitors, and the outside competitors make the prices. There is an old saying that 90 per cent of the goods fixes the price for the whole.

Mr. BOUTELL. You heard Mr. Jones's statement in reference to that matter?

Mr. KINNEY. I heard part of it, sir.

Mr. BOUTELL. Did you hear his replies to my questions in reference to full and free competition, notwithstanding his agreement?

Mr. KINNEY. Well, I think I did.

Mr. BOUTELL. Did you hear his reply to my proposition of placing the cheaper grades upon the free list and putting the 60 per cent duty, say, at 50 per cent?

Mr. KINNEY. Yes, sir.

Mr. BOUTELL. His reply being that that would greatly cheapen the cost of the cheap goods to the retailer, and therefore to the consumer, practically to the extent of the duty?

Mr. KINNEY. Yes, sir.

Mr. BOUTELL. Do you agree with that?

Mr. KINNEY. I think I do, provided that you can properly find the dividing line.

Mr. BOUTELL. As I understand it, that would be a matter of detail; but the placing upon the free list of the cheaper qualities of these goods, and putting the 60 per cent duty, say, at 50 per cent, would give cheaper goods to the consumer, particularly in the lower grades, and would not interfere with the revenue?

Mr. KINNEY. Yes, sir.

Mr. BOUTELL. How many wholesalers are there in the State of Ohio, your State?

Mr. KINNEY. Probably maybe a dozen.

Mr. BOUTELL. And this, of course, would meet with the general approval of the wholesalers?

Mr. KINNEY. I think so.

Mr. BOUTELL. I take it that it is the same way with the retailers?

Mr. KINNEY. Yes, sir.

Mr. BOUTELL. Now, we come to the only other class to be considered, who we call the ultimate consumer, the man who buys these

goods. Of course, we can only get his opinion, as it were, through their representatives. They can not come here individually, or in mass. Do you think this proposition would meet with the general approval of the consumer?

Mr. KINNEY. I certainly do.

Mr. BOUTELL. In your State? I take it then that this return to the Wilson rate meets the approval of the Ohio Representatives in Congress?

Mr. KINNEY. Yes, sir.

Mr. BOUTELL. That it meets substantially the approval of the Representatives in Congress?

Mr. KINNEY. Yes, sir.

I thought that there was possibly a little misunderstanding up here in Mr. Jones's remarks in regard to cheap grades of goods which he said were excluded from importation. That refers to what is known as Rockingham yellow ware, of which there is a very slight sale in our business. I do not suppose it amounts to one-tenth of our business; it is almost entirely gone. Naturally they want domestic goods, because we can not import them. Their yellow pie plates and teapots and yellow bowls, and a few things of that kind—that is entirely manufactured and supplied to the United States by the American potters. There is nothing else that I know of, with the exception of what we call Rockingham goods with some little decoration on, such as the manufacturers in this country do not put on, and sold to the common class of people, who have some little fancy for them.

Mr. UNDERWOOD. Awhile ago I believe you said that the exportation of this ware amounted to \$1,000,000 a year. What proportion is the exportation as compared to the American product of that particular ware?

Mr. KINNEY. I take it that that information that I received referred to tableware. It may be possible that sanitary ware may have come into it; I am not prepared to say. The domestic ware shown in my statement was \$16,000,000 and the importations \$1,000,000, so that would be 1 to 16.

Mr. UNDERWOOD. The exportations were \$1,000,000 and the importations were nothing in that line. The American manufacturer does not export any high-grade wares, does he?

Mr. KINNEY. No, sir; not that I know of.

Mr. UNDERWOOD. This was cheap ware that was exported?

Mr. KINNEY. Yes, sir.

Mr. UNDERWOOD. And I believe your testimony is that there is none of that cheap ware imported into this country?

Mr. KINNEY. No; they export what we call white dinner ware, which is a very large share of our importation. They export probably this Rockingham and yellow ware—I do not know whether that is included or not. A good deal of this importation comes to Canada, as I understand it.

Mr. UNDERWOOD. You say that exportations from this country go to Canada?

Mr. KINNEY. I think quite largely.

Mr. UNDERWOOD. Do you export to any European countries?

Mr. KINNEY. I do not think we do. I do not think the American potters export, excepting to Canada. That is all I have ever heard of.

Mr. UNDERWOOD. Where the American potters export to Canada, the goods have to pay a Canadian duty?

Mr. KINNEY. Yes, sir.

Mr. UNDERWOOD. To compete with English pottery, that does not pay as much duty going into Canada?

Mr. KINNEY. Yes, sir.

Mr. UNDERWOOD. What is the difference in the duty paid by the American potter and the English potter in the export trade to the Canadian market?

Mr. KINNEY. I understand that there is a differential of 10 per cent.

Mr. UNDERWOOD. In other words, that pottery comes in 10 per cent cheaper than the American pottery, on duty?

Mr. KINNEY. Yes, sir.

Mr. UNDERWOOD. And the American potter is able to compete in the Canadian market under those circumstances?

Mr. KINNEY. They seem to; yes, sir.

Mr. UNDERWOOD. Do you know anything about the United States Pottery Association?

Mr. KINNEY. I have heard of it.

Mr. UNDERWOOD. On what basis are they organized?

Mr. KINNEY. I understand it is an association of American potters. Mr. George Thompson is the president, and he is here with you to-day.

Mr. UNDERWOOD. Is it an association in which they attend to business by mutual agreement, or do they control the capital of the pottery companies of America?

Mr. KINNEY. By mutual agreement; all individual potters.

Mr. UNDERWOOD. Does this association endeavor to maintain and fix prices for the pottery that they manufacture?

Mr. KINNEY. That is a question which I am not prepared to answer further than that among the high-grade potters—that is, the large potters, who make the best goods—their discounts are always the same.

Mr. UNDERWOOD. They always maintain the same discounts?

Mr. KINNEY. Discount the same.

Mr. UNDERWOOD. And they belong to the association?

Mr. KINNEY. They belong to the association.

Mr. UNDERWOOD. Then, if there be any competition in the market against the American pottery companies, on the lower grade products that they produce, it must of necessity come from abroad?

Mr. KINNEY. Yes.

Mr. UNDERWOOD. And they have a monopoly of the home market on those lines to-day?

Mr. KINNEY. Yes.

Mr. CLARK. Where is your place of business?

Mr. KINNEY. Cleveland, Ohio.

Mr. CLARK. You stated, in answer to a question by Mr. Chairman Payne, that your profits ranged from 10 per cent to 50 per cent?

Mr. KINNEY. Yes, sir.

Mr. CLARK. What would be about an average?

Mr. KINNEY. I can not answer that question, because I would have to take the volume of our business and figure it exactly.

Mr. CLARK. Would it be too much trouble for you to do that when you go back home, filing your brief here?

Mr. KINNEY. I would be pleased to do so; and in order to make that more apparent—because we may sell goods at a higher or lower rate than some others—I will ask that a number of houses give the average.

Mr. CLARK. I will ask that, too.

Mr. Pou. You said, in answer to a question asked by Mr. Underwood, that your discounts were the same. Do you mean by that that you get the same prices from one as another?

Mr. KINNEY. Yes, sir; for a few of the larger potteries.

Mr. GRIGGS. You mean the catalogue prices are the same?

Mr. KINNEY. The catalogue prices. They have the lowest discounts, and their goods are listed on the basis of \$8 a pound sterling on the plain white goods. On the decorated goods they are listed according to each factory's notion; and on some of the larger manufacturers—the most important ones—they come to us for the same discount that the other one does. But from the least important manufacturer—the manufacturer who does not make as good goods, the inferior lines of goods—they can be bought at 10 to 15 per cent less money.

Mr. GRIGGS. He sells to anybody who buys?

Mr. KINNEY. Anybody who has the price.

Mr. CLARK. How often do you turn your money over in twelve months?

Mr. KINNEY. That I could not tell you.

Mr. CLARK. You turn it over more than once, don't you?

Mr. KINNEY. I should say about twice.

Mr. CLARK. Have you any cause to believe that manufacturers of ware in European countries or importers of pottery in the United States are any more honest or conscientious than manufacturers of laces in Europe or importers of laces into this country?

Mr. KINNEY. That is a hard question to answer, because I am not at all acquainted with any lace manufacturer. I have met many of the potters in Europe, and I consider them a very honest lot of people. They figure that their reputation is worth a great deal of money to them.

Mr. CLARK. I do not know whether you know it or not, but it is a matter of fact that some years ago the United States Government sent somebody over to Europe to investigate the undervaluation of laces and found that the Government was getting swindled out of millions of dollars on their undervaluation. I do not know whether it would be any easier to do that with reference to laces than with pottery.

Mr. KINNEY. I should say it would, because if you want to take an expert and go to an importer or any manufacturer, I do not care where he exists on continental Europe, and ask him how much it costs to produce those goods, and they could come pretty close to it. They know what decalcomania costs, they know what the bodies cost, and certain decorations, and a manufacturer will manufacture, say, four different articles of the same nature, vases and so forth, and a certain buyer will want them to sell at a certain price, and another will want a little more, and another will want a little more, although they all cost the same. There was an attempt—and I want to speak of it briefly—to establish that the potters of Europe were sending goods in here at a value less than the value of the goods at the home

market—and I believe that the newspaper statement can be corroborated—in which Mr. Burgess, as representing the American potters, proceeded to buy three dinner sets of some department store on the supposition that he was getting them at the home-price market, the market of the country, and those dinner sets were shipped over here, or samples of them, to show that the goods coming in of a similar nature were undervalued, and the appraiser raised the duty on the goods, and afterwards the judge, Judge Waite, I believe it was, sustained the importation at the old price at which they were first brought in.

Mr. CLARK. Are there not large exportations of cheap wares, toilet sets and sanitary sets, from Canada to this country?

Mr. KINNEY. As I understand it, and if I am informed correctly, there is a lower price given when shipments are made to Canada than when sold in this country.

Mr. CLARK. Of course, you do not know very much about the profits of the retail dealers, excepting where they retail in conjunction with the wholesalers?

Mr. KINNEY. That is right.

Mr. CLARK. Now, if the retail dealer gets as much profit as you do, 10 to 50 per cent, and turns his money over twice a year, then the fellow that pays the ultimate price gets it in the neck from the wholesaler and the retailer, does he not?

Mr. KINNEY. Well, the class of goods that we sell particularly are a very cheap class of goods.

Mr. CLARK. It is the cheap article that most of the people use, isn't it?

Mr. KINNEY. Yes, sir.

Mr. COCKRAN. Would you be apt to turn over goods that you make 50 per cent profit on twice in a year?

Mr. KINNEY. No, sir.

The CHAIRMAN. Upon the item of freight, of the amount of freight that you give, you did not give the items. You say that the freight is so much. Have you given the items of freight in your paper so that the committee can get it?

Mr. KINNEY. Yes, sir.

The CHAIRMAN. About this Canadian tariff, how much is the tariff on American pottery shipped to Canada?

Mr. KINNEY. I understand it is 30 per cent.

The CHAIRMAN. And the English tariff is 30 per cent; that would be 20 per cent, and, if Mr. Jones is correct, that would be about the cost of the ocean freight, and you give us testimony in the same direction. Also as to the breakage and items of that kind, and why an American manufacturer would be just about on an even basis with the English manufacturer in entering the Canadian market, and all that sort of thing.

Mr. KINNEY. I doubt if 10 per cent would cover the difference, but it might, possibly.

The CHAIRMAN. That is, you think 10 per cent would not cover the cost of breakage and freight, and so forth?

Mr. KINNEY. I do not think it would.

The CHAIRMAN. So that really the American would have the best of it in the market?

Mr. KINNEY. I think they would, taking the price at which they manufacture their goods, as against what the English manufacturers sell their goods for there.

The CHAIRMAN. As I understand you, the American manufacturers classify their goods in catalogues, and do fix a wholesale price by stating the amount of discount on the different amounts of purchases, and so forth, which is all the same, so that there is no trouble about getting the wholesale price of American pottery.

Mr. KINNEY. It would be less trouble about getting the wholesale price of American pottery or English pottery than anything else.

The CHAIRMAN. Then the difficulty about getting the wholesale price of foreign pottery in this country on affidavits is not insurmountable?

Mr. KINNEY. Mr. Chairman, it would be absolutely impossible to get the wholesale price of half of the goods we bring in.

The CHAIRMAN. I do not understand why it is impossible to get the wholesale price on the goods imported here, while it is so easy to get it on the American product in England and Germany, and on the products there. I do not get that idea.

Mr. KINNEY. The manufactures of pottery, with the exception of fancy goods, are dinner ware and the toilet wares, on which there is a staple price. The same thing exists in England. I can give you the sale price of certain grades of English goods that I know what the importers of New York sell for. I am pretty well posted on that. I can give you a fair market value on certain grades of goods. Those goods are the same goods that the domestic potters manufacture outside of what they manufacture in fancy goods—that is, in vases and fancy things.

The CHAIRMAN. Do you agree with Mr. Jones that importations into this country are high grade, largely?

Mr. KINNEY. I think that they are; yes, sir.

The CHAIRMAN. Then, this duty in the way of revenue, at 60 per cent, is a duty largely on luxuries?

Mr. KINNEY. I think it is.

The CHAIRMAN. And the common, ordinary man gets his pottery by competition in the United States on the lower grades?

Mr. KINNEY. No, sir; the pottery of England is brought into this country at 60 per cent, and the advantage to the consumer, or the common people, is just as much in proportion to their means as it is to the wealthy man in proportion to his. We have a pottery in this country which is a great credit to the country, the Lenox pottery, of Trenton, N. J. They make beautiful goods, and goods that compare favorably with the Vienna make of goods, crusted gold, and so on. It is a great credit to this country. But still, their product is very small, very limited, and is sold principally through the jewelry-store trade.

The CHAIRMAN. That is high grade?

Mr. KINNEY. That is the high grade.

The CHAIRMAN. The same as the Syracuse pottery?

Mr. KINNEY. No; they make a hotel line of china, and one or two concerns make a line of dinner ware in competition with the German or French china goods. I have two samples here—

The CHAIRMAN. Is that the Onondaga Pottery Company?

Mr. KINNEY. Onondaga Company makes principally hotel ware. We have the agency of their goods in Cleveland, and sell quite a good many, and they are very good goods. But I will say that so far as hotel ware is concerned, there has been quite a great deal of their goods sold in this country.

The CHAIRMAN. Do the Onondaga potteries make as fine chinaware as any pottery in the United States?

Mr. KINNEY. They certainly do.

The CHAIRMAN. Do they sell it for household use?

Mr. KINNEY. I will qualify that statement and take back what I said. I was in their sample room awhile ago, but we never bought any. I remember seeing some very handsome goods on their shelves.

The CHAIRMAN. An ordinary man can get a dinner set for \$22 or \$23, a fine set. can he not?

Mr. KINNEY. I have a sample here of a dinner-plate grade of Haviland china that was copied exactly, or nearly so—as close as they could get it—by a Syracuse pottery, and shows a difference in price of just about 100 per cent. They are selling against the cost price of Haviland goods, which we buy in \$50,000 quantity prices.

The CHAIRMAN. When you get that Haviland pottery over here you sell it for a good deal more than it costs there without any duty being paid; a good many times over, do you not?

Mr. KINNEY. I should think not. We sell it very close; are compelled to. I will be glad to show you the samples if you would like to see them of the Haviland and the American made goods to compete with them, and show you exactly the difference in the cost. They are right here.

Mr. COCKRAN. Did I understand you to say that the Haviland ware, which is imported ware, is no better than the Syracuse product?

Mr. KINNEY. No; I think it is better.

Mr. COCKRAN. I understood you to say that you could not tell the difference between them?

Mr. KINNEY. I can tell the difference between them very quickly.

Mr. COCKRAN. I misunderstood your answer then. Did you not understand him to say that, Mr. Chairman?

The CHAIRMAN. I understood him to say that it was hard to tell the difference. I did not understand him to say that he could not tell the difference.

Mr. COCKRAN. But I meant an ordinary consumer, not an expert like himself, of course; but the ordinary buyer.

Mr. KINNEY. Oh, yes; there is quite a difference in the quality.

The CHAIRMAN. I think you had better bring those samples forward.

(The witness here produces samples of china ware referred to.)

I can explain the method of the manufacture of these goods and the reason why they are better than the other.

Mr. COCKRAN. What is the difference between the cost and the price at which they are sold.

Mr. KINNEY. I have the figures. They cost \$1.94, and we pay \$3.93 in the East in bidding for \$50,000 worth of the goods.

Mr. COCKRAN. That is 100 per cent.

Mr. KINNEY. Yes, sir.

The CHAIRMAN. Is it cheaper here than the Haviland china?

Mr. KINNEY. Yes, sir.

The CHAIRMAN. They manufacture it for less.

Mr. KINNEY. A good deal less.

Mr. COCKRAN. What price do you pay for it?

Mr. KINNEY. I can state it better by showing you the goods. This set [exhibiting a set of Haviland china] is sold at \$65, and this set [exhibiting a set of Onondaga ware] is sold at \$35 a set. These are among the high-priced retail wares.

The CHAIRMAN. The Haviland is \$65?

Mr. KINNEY. Yes, sir. That Onondaga ware sells for \$31.59. That is the retail price. On further consideration I find that I have given you the wrong figures. The Onondaga set costs \$16.77 and is sold by the retailer for \$35. The Haviland set costs \$31.50 and is sold for \$65.

Mr. COCKRAN. You stated that you would explain the difference.

Mr. KINNEY. Yes, sir. I understand very little about the methods of manufacture, but when I come to buy goods and I am asked to pay a higher price I want to be sure of the reason why I am asked to pay a higher price. I understand about the French goods and how they are baked. The body of the goods is dried and afterwards the gloss is put on, and the porosity of the body is such that the surface or gloss is absorbed and becomes part and parcel of the whole, so that when it is baked the gloss is saturated into the body and becomes all one body. The American manufacturers make a body by firing it. It becomes hard, and then, after being given a gloss, it is covered, but it does not absorb, so that the body is a little softer than that of the other. Perhaps there are some pottery men here who can explain that better than I. It was explained to me in that way.

Mr. UNDERWOOD. Is the American method of putting on the gloss generally the same as the French method?

Mr. KINNEY. I do not know what the components are.

Mr. COCKRAN. Then it is a fact that the French goods find a market in this country against the American goods, notwithstanding that the price of the French goods is higher and that it is in a different class?

Mr. KINNEY. Yes, sir. I think that people in this country who want to buy china will buy the finest that they can afford to buy.

Mr. COCKRAN. You think they judge the quality by the price?

Mr. KINNEY. I do not.

Mr. COCKRAN. But the ordinary buyer would, who is not an expert as yourself?

Mr. KINNEY. Oh, yes, sir; I could tell the difference in a moment by looking at it. The people, however, who buy this class of goods are sufficiently aware of its quality to see the difference.

Mr. BOUTELL. Your price on the imported china includes the transportation and everything?

Mr. KINNEY. It includes everything laid down at the port of entry at New York or any other port in the East.

Mr. BOUTELL. That price of \$31.50—

Mr. KINNEY. Included the freight.

Mr. BOUTELL. And that sells at \$65?

Mr. KINNEY. Yes; but I wish to have you understand that that was a jewelry-store price.

Mr. BOUTELL. No matter what store's prices it was, the man who bought it, the ultimate consumer, who paid 100 per cent, got it in the neck, so to speak. Now, who got that profit between the import price and the selling price? It looks to me as though that matter ought to be looked into carefully.

Mr. KINNEY. I will say that that class of goods, if sold at all, sell at a very much higher profit, perhaps 100 per cent profit, or twice the profit of the other class of goods.

The CHAIRMAN. That looks a little suspicious, since you say it costs \$31.59.

Mr. KINNEY. Not at all, because it is a different class of ware.

Mr. COCKRAN. Do you mean to say that these articles are sold in the market at such widely divergent prices as \$50 and \$65?

Mr. KINNEY. I do.

Mr. UNDERWOOD. Is there an association or organization by American manufacturers for the purpose of keeping up the prices?

Mr. KINNEY. I think so.

Mr. GRIGGS. There is not so much difference between the selling price of that and the American product.

The CHAIRMAN. There is \$30.

Mr. KINNEY. That was sold by a jeweler. He probably did not get that at the lower price at which it could be secured by an importer who is a large customer.

Mr. GRIGGS. What profit did the American retailer get when he sold it to the consumer?

Mr. KINNEY. According to the figures which I mentioned it was nearly 100 per cent, but I qualify that always by saying that it was purchased at a retail jeweler's store.

Mr. GRIGGS. The American product was sold at a profit also?

Mr. KINNEY. Yes, sir.

Mr. GRIGGS. Do you understand the cause of this high price for the cheaper grade?

Mr. KINNEY. No, sir; the highest profit is made usually on the higher grade of goods, which are used by the wealthy class of people. They often buy articles which are not usually on the market. I do not get this 100 per cent profit, because I am not in the retail jewelry business.

Mr. COCKRAN. We sympathize with you.

The CHAIRMAN. The retailer sold both so that that does not count.

Mr. KINNEY. No, sir.

The CHAIRMAN. Do you know at what cost these goods are laid down in New York, this Haviland china which you say sells at \$31.59?

Mr. KINNEY. I had those figures from Haviland & Co., for that particular assortment of goods which are specified and it is based upon the lowest price that he would give to a man who would buy goods to the amount of \$50,000.

The CHAIRMAN. I do not believe that the jeweler got all of that profit.

Mr. KINNEY. Perhaps that jeweler paid part of that profit to some middleman who had gotten the goods from the Havilands, who had imported it and sold it to the jeweler. Probably the jeweler did not get it at the low price at which it could be procured by an importer.

The CHAIRMAN. The whole thing confirms the statement that the Haviland goods in some way cost more in this country than it is

stated, and if we could work out the other we could work out the tariff.

Mr. KINNEY. I can not give you the reasoning, because the two pieces have the same percentage. I can only say that the seller was making a profit and for that God bless him.

Mr. COCKRAN. It is evident that the Lord did bless him if he made 100 per cent.

Mr. POU. Do you handle the Haviland china?

Mr. KINNEY. Yes, sir.

Mr. POU. This price of \$39.51, is that your wholesale or cost price?

Mr. KINNEY. That is our actual cost price laid down in New York. That is the cost to import it.

Mr. GRIGGS. What profit would you make on that article?

Mr. KINNEY. We sell those goods at retail at about 40 per cent profit.

Mr. GRIGGS. Then the retailer makes 60 per cent?

Mr. KINNEY. He makes more.

Mr. GRIGGS. You get 40 per cent and he makes what remains up to 100 per cent?

Mr. KINNEY. No; he did not buy of us. We make 40 per cent and some one else makes the other 60 per cent.

Mr. GRIGGS. I believe you said you sold the American-made goods also?

Mr. KINNEY. Yes; at the same percentage.

Mr. LONGWORTH. That is largely in the low grade.

Mr. KINNEY. Yes, sir.

Mr. LONGWORTH. I think it would be well if you could give us the proportionate cost of labor.

Mr. KINNEY. I do not know what it is.

Mr. LONGWORTH. Are you familiar with the wages paid in that industry in England?

Mr. KINNEY. Not at all; but I can get that information for you.

Mr. LONGWORTH. I think it would be well if you could do so.

Mr. RANDELL. What in your opinion would be the difference in price on these low grades of tableware if the tariff were taken off? How much less would they cost the consumer?

Mr. KINNEY. Domestic or English goods?

Mr. RANDELL. Either.

Mr. KINNEY. I doubt if there would be much difference in the percentage as to the ultimate price to the consumer whether the duty was taken off or whether it was not. They do not compete with the English goods. In other words, they sell their goods at \$2.88. That is the price of the domestic ware against \$4, the price at which we would sell the same class of goods.

Mr. RANDELL. They would purchase the lower-priced product if the tariff were taken off, would they not? In other words, does the tariff raise the price to the consumer?

Mr. KINNEY. It does for the English goods, but I doubt if it does for the domestic goods.

Mr. RANDELL. What effect does the tariff have, if any, upon the price of the goods to the consumer? Does it have any effect, or is it nothing?

Mr. KINNEY. I do not think it has any effect on the price of the domestic goods, but it has an effect upon the price of the foreign

goods. If they brought in the foreign goods without a tariff the prices would be necessarily closer, and by eliminating the tariff the consumer would get the advantage of the tariff.

Mr. RANDELL. It would be the same grade that the English make?

Mr. KINNEY. No; the English make—

Mr. RANDELL. You say that the tariff does not make any difference to the home manufacturer. Does it raise the price?

Mr. KINNEY. It protects him in manufacturing goods to the extent that he does not compete against the English, but he does compete against his own manufacturers in this country.

Mr. RANDELL. Is there any competition there?

Mr. KINNEY. Yes, sir; there is competition among manufacturers.

Mr. RANDELL. If the tariff does not affect the price to the consumer, what good does it do to the manufacturers?

Mr. KINNEY. It keeps out that many more goods and eliminates competition from people who are selling foreign goods, because it does not let their goods in. If there were no foreign goods at all brought in the domestic manufacturer naturally would supply the demand which now the English manufacturer supplies. Does that answer the question?

Mr. RANDELL. It is not clear to me. The tariff is asked by the producer or the manufacturer of this country simply for the purpose of keeping out English goods which compete with him in price, but would only compete with him in reference to the quantity which he could sell. Would that have the effect to reduce the price of his goods?

Mr. KINNEY. Yes; if you keep out the English goods.

Mr. RANDELL. Goods of the same quality?

Mr. KINNEY. It would increase sales to the extent of the goods sold.

Mr. RANDELL. If the tariff is taken off, would not foreign goods come in competition at reduced prices?

Mr. KINNEY. If they could go any lower than they are now. I do not know if it would be possible or not.

Mr. RANDELL. You mean that they could not afford to sell for less profit than they are now selling?

Mr. KINNEY. It would divide up the business with the English people. The cheaper English goods would be bought by the consumer rather than the American goods.

Mr. RANDELL. Therefore the American goods would sell for a lower rate in the market?

Mr. KINNEY. It might be possible for them to do so.

Mr. RANDELL. Would the American manufacturers be selling goods lower than they could afford?

Mr. KINNEY. They are now selling at a price fixed by themselves, and it is so much lower than the English price that I do not think it would make any difference.

Mr. RANDELL. Are they selling so low that they could not sell any cheaper, and yet you say that they have fixed the price themselves?

Mr. KINNEY. Yes, sir. They might get a lower price by stopping inferior competition.

Mr. RANDELL. You say now they fix the price themselves. Are they competing with each other? They are not in competition, because they fix the price themselves.

Mr. KINNEY. They do not do that.

Mr. RANDELL. I thought you said they did.

Mr. KINNEY. I said there was a certain profit of \$3 to \$5 in favor of the domestic manufacturers, who must have some sort of an agreement, because they quote prices all the same. There is a difference of \$4 or \$5 between the competing prices, because the English goods do not come anywhere near these prices.

Mr. RANDELL. The price is fixed at \$4 or \$5 above the prevailing price of English goods.

Mr. KINNEY. Yes; but they are a better class of goods. The cheaper grades sell for less, or otherwise they could not sell. The same thing exists in Europe. If you buy goods at a certain price, then you can get them of the inferior manufacturer for a less price, say 2½ per cent less.

(At 1 p. m. the committee took a recess until 2 p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
November 23, 1908.

(The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.)

The CHAIRMAN. I believe Mr. Kinney made a statement this morning, misapprehending a question that was asked him, which he wishes to correct.

ADDITIONAL STATEMENT OF MR. GEORGE W. KINNEY; OF CLEVELAND, OHIO.

Mr. KINNEY. Mr. Chairman and gentlemen, one of the stenographers asked me to repeat to him an answer that I had made, and I found that I had misunderstood the question put to me. As I supposed, the question asked of me was in regard to the wholesalers in the State of Ohio, and I said that there were a dozen that would be glad to have the tariff changed back to the Wilson bill. That is what I supposed the question to be. I find that the gentleman who asked the question asked me if the Representatives would wish the bill changed—the Representatives in Congress, I imagined he meant. I said yes, which I had no right to say, and I wish to correct that by saying as far as the views of the Representatives from the State of Ohio are concerned in regard to the tariff on Schedule B I have no knowledge of what their opinion is, as I have not talked with any of them in regard to it.

The CHAIRMAN. Did you leave that letter you had?

Mr. KINNEY. Yes, sir; your stenographer has it.

The CHAIRMAN. Very well.

STATEMENT OF MR. E. H. PITKIN, OF PITKIN & BROOKS, CHICAGO, ILL.

The CHAIRMAN. You are an importer and wholesale dealer in crockery, are you?

Mr. PITKIN. Yes, sir.

The CHAIRMAN. Proceed.

Mr. PITKIN. It seemed to me, Mr. Chairman, in listening to the testimony as to the profits in our business that there was a misunderstanding. I would like to say that I have been in the business, boy and man, for forty-seven years. I have been in the business for myself thirty-seven years. I think I can say that I have one of the largest importing businesses and wholesale businesses in our line that is done in the country, and that I ought to have a reasonable knowledge of the business. I would like to say that we are satisfied if we make from 5 to 8 per cent on our turnover, which I do not think is unreasonable when money can be loaned on good real-estate mortgages at 6 per cent, which I know can be done, because I am in a position to loan some money, not of my own, but of institutions with which I am connected, and we are getting 6 per cent for our money to-day. There is no greater profit made in our lines of business than in other kindred lines, such as millinery and pianos. I am speaking now of what we call the fancy-goods portion of our business. Our business is divided into staples and fancy goods. On some we make a very small profit and on others a large profit, and on what is termed "fancy goods" we make a large profit, the same as any other good merchant does if he understands his business. I think that is all I care to say on the question of profits.

I would like also to speak about the question of assessing the duty on the wholesale price. I consider that utterly impracticable. I can not see any way in which it could be done. There is no exact wholesale value, except maybe on a few staples, and on those staples it is not exact, because there is a different price in different parts of the country. The same price does not obtain in San Francisco or in Boston or in Cleveland or in Chicago or in Omaha or in Denver. There is a great variety of prices. Then, again, as I said, the goods that we call fancy goods, and on which we make the largest profit, are changed from season to season. In that respect they are like goods in the millinery business. I do not know how much you gentlemen know about the millinery business, but I happen to know that in that business it is a question of style. When the "merry widow" hat goes out, it goes away out.

Mr. CLARK. I guess we all know something about that.

Mr. PITKIN. I would not be surprised. Now, my method of running my fancy-good business is if possible to sell out. If I buy, we will say, \$100,000 worth of fancy goods, if I carry over more than a small percentage of those, I consider that it is a bad job, because I must reduce the price of those goods for another season. People do not want the same goods twice. They want new and fresh goods. So for that reason, I think, for the reason that the prices are not fixed, it would be utterly impracticable to fix the duty on the selling price.

Again, what is the selling price? The selling price is not fixed until after the goods have arrived, and the duty has been assessed, and we get the goods in our possession. We do not price our goods ordinarily from the samples which we buy in a foreign country, but we price them after we get them home and get them unpacked and see what they look like and see what they would sell for. It seems

to me those are good reasons why we could not adopt that method of fixing the tariff.

Now, it has been shown by Mr. Kinney's figures that our friends the American potters are already protected against English ware by a tariff of 75 or 80 per cent. I know they do not take advantage of that, because they sell their goods cheaper than we can sell the foreign goods. Why should they want any more, or as much as they have now? Therefore I think that the tariff assessed under the Wilson bill is reasonable.

I would like to make just one more point, and that is on undervaluation. It goes against my grain to have it assumed that the men in my particular line of business are thieves and robbers. I know nearly every man in my business. I think they are as straightforward and honest a group of business men as are in any other kind of business, whether in merchandise or whether they are legislators, or in any other business, and in the thirty-seven years I have been in business, and I have had opportunity to know, I have never known of one reputable man in my business that invoiced his goods at less than he paid for them.

Mr. GRIGGS. Your reputation is safe as compared with ours.

Mr. PITKIN. Well, sir, I am not here to pass on that.

Mr. CLARK. Mr. Witness, there is no use of getting irritated about the questions that are asked.

Mr. PITKIN. I am not here to.

Mr. CLARK. You do not think that the wholesalers and retailers of crockery are on the average more honest than the rest of mankind, do you?

Mr. PITKIN. I do not know of any reason why they should be.

Mr. CLARK. No; I do not think they are. Now, it is a notorious fact that the lace makers of Switzerland swindled the United States Government out of thousands of dollars of imports on invoices that were too low. You know that, do you not?

Mr. PITKIN. I do not know anything about it.

Mr. CLARK. I will state that as a historical fact. Well, do you know anything about a man up here in New York, an importer of silks, having a judgment hanging over his head for \$30,000 for undervaluation of his goods?

Mr. PITKIN. No, sir. It takes all my time to follow my own business.

Mr. CLARK. And do you know that another one jumped off the bridge in New York and drowned himself because they were about to get him?

Mr. PITKIN. Well, I think he did a good thing, then.

Mr. CLARK. What I am getting at is, if they do it, absolving the importers from doing any such thing in that regard, do you think it is probable that the manufacturer of pottery in Europe would be any more squeamish about underrating the products he exports and getting them in under the tariff at a lower rate than the lace makers or the silk makers were?

Mr. PITKIN. I do not know anything about other lines of business, but I know how our business is done. I have been in their factories. I have been all over Europe, where our goods are made; I have met the gentlemen who are in the business, and as far as I am able to

judge, they are honest and honorable men. And, again, there are several invoices sent. We get an invoice and the customs department gets an invoice, and the customs department is a large, well-equipped department, and they have good men. I think they are good men. I have met them and have appeared before them, and as far as our business is concerned I see very little chance for undervaluation.

Mr. CLARK. One more question. Do you think your average profit is about 5 per cent or 6 per cent?

Mr. PITKIN. I say, sir, that I would be satisfied on my turn over to make from 5 to 8 per cent.

Mr. CLARK. How many times do you turn the money over in a year?

Mr. PITKIN. I do not know that I can answer that question accurately.

Mr. CLARK. I know you can not, but you can give us a general idea about it.

Mr. PITKIN. I can answer it in this way, that our line of goods is a line that turns over very, very slowly. We are ordering goods now that we will not get our pay for until January, 1910.

Mr. CLARK. Do you turn over your money on an average three times a year?

Mr. PITKIN. No, sir; I should think not.

Mr. CLARK. Do you turn it over twice a year?

Mr. PITKIN. I think not.

Mr. CLARK. What we are after is facts.

Mr. PITKIN. Not more than that. The answers that I make I want to make accurately.

Mr. CLARK. I understand that, and I wish they could be absolutely accurate; but when you can not answer accurately, you have to answer as accurately as you can.

Mr. PITKIN. Yes.

Mr. CLARK. Do you think you turn over your capital, on an average, as much as two and a half times a year?

Mr. PITKIN. I should say twice a year was about the limit.

Mr. CLARK. That would give you, then, a per cent of from 10 to 16?

Mr. PITKIN. You do not get that out of the business, sir; I know that.

Mr. CLARK. That is all I want to ask.

Mr. BOUTELL. I want to ask you if you heard the statements made by Mr. Jones and Mr. Kinney this morning?

Mr. PITKIN. I heard some of them. Just which one you refer to I do not know.

Mr. BOUTELL. I will have to go over a few of them again, and I will do it with some rapidity. With reference to the association of the wholesalers, it was said that, notwithstanding such association as there was, there was good, brisk competition between wholesalers in their prices to the retailers. Is that correct?

Mr. PITKIN. If you were in the business, you would know it.

Mr. BOUTELL. So that you agree with them that a reduction of the duties on the lower-priced goods would, through the competition among the wholesalers, be passed along to the retailers in large measure, and through them to the consumers?

Mr. PITKIN. I do not think there is any doubt of it, sir.

Mr. BOUTELL. You also agree with them that, by repealing the duty on the lower-priced goods—that is, putting on the free list the lower grades of the earthenware, crockery, and coarse china, and by reducing the 60 per cent duty to, say, 50 or 45 per cent—there would be no diminution in the revenue.

Mr. PITKIN. Well, sir, I do not know. I think that the duty on decorated goods is as high as it can be; that it will not stand any more than is imposed on it. I think if you were to increase the duty on decorated goods it would stop the sale of them. The duty is already high.

Mr. BOUTELL. I beg your pardon; if you increase the duty?

Mr. PITKIN. If you increase the duty on decorated goods, I think it would stop the sale of them.

Mr. BOUTELL. You did not understand me to say that?

Mr. PITKIN. Yes.

Mr. BOUTELL. No; not at all. That is the reason I asked you if you heard Mr. Jones and Mr. Kinney. My proposition is this, to repeal the duties on the lower grades of goods and decrease the present duty to 50 per cent or 45 per cent. Would such a change, by putting the cheaper goods on the free list and bringing down the higher-priced goods with the 60 per cent duty to 45 per cent, decrease the revenue? They both said that, in their opinion, it would not work any decrease in the revenue.

Mr. PITKIN. No, sir; I think you would get more.

Mr. BOUTELL. That was based, of course, on their familiarity with the trade. They said that a more than 25 per cent increase in the importation of the highly priced goods after they had been reduced from 60 per cent to 45 per cent would take place?

Mr. PITKIN. Yes; but I would like to say something else about that.

Mr. BOUTELL. Let us finish this. So that you would agree with Mr. Jones and Mr. Kinney that the final result of this proposition would be to give to the consumer of the lower-grade goods such goods at a cheaper price and maintain the revenue substantially at the same point on this class of goods?

Mr. PITKIN. Yes, sir; I think it would; but I would also like to say that I do not think it would be fair to the American manufacturer to take all the duty off of the plain white goods. Now, I am not a free trader. I believe in giving the American manufacturer a fair protection, and if you would take all the duty off from white ware I do not see how he could compete.

Mr. PITKIN. Yes; I was not intending to commit you or Mr. Jones or Mr. Kinney to that proposition. It was simply a question of revenue.

Mr. PITKIN. Yes; but I thought so long as you asked me it would be fair to the American manufacturer to express my feeling about it.

Mr. COCKRAN. As a matter of revenue it would have a good effect.

Mr. PITKIN. As a matter of revenue for the Government you would get more revenue.

Mr. BOUTELL. And by keeping the duty on at 45 per cent and on the lower-priced goods at 25 to 30 per cent, that would make a still larger revenue?

Mr. PITKIN. Yes, sir; I think it would.

Mr. BOUTELL. Do you accept the figures spoken of by Mr. Jones and Mr. Kinney, of 30 and 35?

Mr. PITKIN. Yes, sir; I do.

Mr. BOUTELL. That would bring down the higher class of goods 10 per cent lower than I suggested. Do you think that 30 and 35 per cent would bring in more revenue than putting the commoner grades on the free list and leaving the higher grades at 45?

Mr. PITKIN. I think you would get more revenue by putting the commoner grades on the free list. I do not think the American potter could compete with it.

Mr. GRIGGS. On the lower grades?

Mr. PITKIN. Yes.

Mr. GRIGGS. They can not compete with the Europeans?

Mr. PITKIN. They have 55 per cent protection now. If you take it all off they can not.

Mr. GRIGGS. The free list does not bring in any revenue.

Mr. PITKIN. No.

Mr. GRIGGS. You mean there would be more importations?

Mr. PITKIN. Yes.

Mr. GRIGGS. And more revenue?

Mr. PITKIN. Yes, sir.

Mr. GRIGGS. I understood Mr. Boutell to be asking his question from the standpoint of higher revenue?

Mr. PITKIN. Then I did not understand him.

Mr. BOUTELL. I do not think you did.

Mr. PITKIN. I think I did understand you, sir. I understood you to ask whether I thought that with cheap goods on the free list and decorated goods reduced 10 per cent it would bring in more revenue.

Mr. BOUTELL. Yes.

Mr. PITKIN. I do.

Mr. BOUTELL. Yes.

Mr. GRIGGS. It would bring in more revenue?

Mr. PITKIN. More revenue; but I do not think it would be fair to the American potter.

Mr. BOUTELL. The final question I asked was whether putting the commoner goods on the free list and keeping the finer goods at 45 per cent would be better than cutting them from 35 and 60 to 30 and 35?

Mr. PITKIN. Will you please state that again?

Mr. BOUTELL. Your proposition, if I understood you correctly, was that the commoner goods and the higher-priced goods should be reduced from 35 and 60 to 30 and 35?

Mr. PITKIN. Yes, sir.

Mr. BOUTELL. That is one proposition?

Mr. PITKIN. Yes, sir.

Mr. BOUTELL. Have you in mind what that would be as a revenue producer? Would that be a better revenue producer than my proposition to put all the cheaper grades on the free list and the higher-priced goods at 45?

Mr. PITKIN. I should think it would.

Mr. BOUTELL. My proposition would be a better revenue producer than yours?

Mr. PITKIN. No, sir; I should think our proposition would be a better revenue producer.

Mr. FORDNEY. If by reducing or removing the duty on the lower grades and reducing the duty on the higher grades it would increase our revenue, it would naturally decrease production in the United States, would it not?

Mr. PITKIN. Yes, sir.

Mr. FORDNEY. And be an injustice to the manufacturer, and the labor that produced it?

Mr. PITKIN. I should say so; yes, sir.

Mr. FORDNEY. So that it would as a result interfere with either the revenues or the industry, if we lowered it?

Mr. PITKIN. If you took it off.

Mr. FORDNEY. If we lower the duties on these articles it will either increase imports or seriously interfere with the revenues of the Government?

Mr. PITKIN. If you lower it at all?

Mr. FORDNEY. Yes. If you remove it from the low grades?

Mr. PITKIN. Entirely?

Mr. FORDNEY. Entirely, yes, and reduce it in the high grades; it will do one of two things, it will either interfere with the revenue of the Government or increase imports?

Mr. PITKIN. It would increase imports, and I do not think it would interfere with the revenue of the Government; but I think it would be an injustice to the American potter to take it off entirely from staple goods, because it is a large item.

Mr. FORDNEY. Any increase of imports would interfere with the manufacturer and the labor that produced the goods, on anything, would it not?

Mr. PITKIN. I think it would be a good thing to reduce the duty on the higher grade goods, because you and I and every one else that wants to buy a higher grade of goods could buy them at a more reasonable price, because the duty would be less, because those goods are not made in this country. They are not made in this country at all.

Mr. FORDNEY. Then the higher grade does not come in competition with that same article made here; do I understand you to say that? Those goods are not made here at all?

Mr. PITKIN. There are certain grades not made here at all.

Mr. FORDNEY. Of the high grades and low grades?

Mr. PITKIN. Of the high grades.

Mr. FORDNEY. That is all.

Mr. LONGWORTH. Could you say about what proportion of the cost of the low-grade goods was labor?

Mr. PITKIN. I can not say; I have not the figures and I do not know whether any of our people have the figures or not.

Mr. LONGWORTH. Would you say it was a substantial percentage?

Mr. PITKIN. As a manufacturer, I would say yes. I am a manufacturer of a certain line of goods, and in that our labor is a considerable proportion of the cost of the goods.

Mr. LONGWORTH. You could not say as to the cost of producing the same kind of goods in England?

Mr. PITKIN. In England?

Mr. LONGWORTH. Yes; as to the cost of the labor.

Mr. PITKIN. I do not think it would vary very much in the proportion.

Mr. LONGWORTH. That is what I am getting at.

Mr. PITKIN. I think the proportion of labor probably in England is about the same that it is here, of the total cost, although I have not any figures on that.

Mr. RANDELL. In your opinion what would be the percentage of decrease in the selling price in this country of the low grades if the tariff was entirely removed?

Mr. PITKIN. If the tariff was entirely removed?

Mr. RANDELL. Yes.

Mr. PITKIN. I do not know that I can answer that question right offhand. We could easily furnish you the figures based on our present selling price. It would be a considerable sum. If you take off 55 per cent duty, you can readily see that there would be a very considerable decrease in the selling price.

Mr. RANDELL. Of the American product?

Mr. PITKIN. Of the imported product.

Mr. RANDELL. Would it make any difference with the American product?

Mr. PITKIN. You will have to ask the potters that question. They are right here; I should think it would.

Mr. RANDELL. It would sound that way?

Mr. PITKIN. Providing they should do it.

Mr. RANDELL. In your judgment it would have that effect, would it not?

Mr. PITKIN. I think they sell white ware pretty close, as it is now.

Mr. RANDELL. Then what difference would it make to them?

Mr. PITKIN. If they have a protection now of 55 per cent on which we take the geographical protection, the protection of breakages, the protection of freight, and all that sort of thing, which runs up in some cases to 80 or 90 per cent, if we take that protection away from them, I am sure you could see that if they sold goods cheaper in proportion to what they are selling them at now, it would make a great difference. They sell goods now at a great deal less than it costs to import them, and that is the reason I say they do not take advantage of all the protection they have.

Mr. RANDELL. If the tariff was taken off, what would be the difference in their selling price?

Mr. PITKIN. I can only give an approximation. I should think it would reduce the price of English white ware at least 25 per cent, if not more.

Mr. RANDELL. What is the amount of importations of that ware?

Mr. PITKIN. In white ware?

Mr. RANDELL. Yes.

Mr. PITKIN. I can not answer that question, but the figures can be given you. All these figures can be supplied.

Mr. BOUTELL. To what extent are American wholesalers or jobbers manufacturing abroad, if any? What interest have they with the foreign manufacturer?

Mr. PITKIN. I am not aware that they have any interest.

Mr. BOUTELL. I did not know whether they had or not.

Mr. PITKIN. There may be some who have, but I am not aware of it. American importers having—

Mr. BOUTELL. Having any interest with foreign manufacturers, or manufacturing themselves, abroad?

Mr. PITKIN. Yes. I was thinking of the wholesalers. There are some houses. For instances, Haviland & Co., whose name was up here, have a New York office. Their goods are all manufactured in Limoges.

Mr. BOUTELL. Haviland & Co.? Are they Americans or foreigners?

Mr. PITKIN. They claim to be Americans. The fathers of the present manufacturers were born in America and went over to France and established a factory over there many years ago.

Mr. COCKRAN. Where was that, at Limoges?

Mr. PITKIN. Yes, sir; at Limoges.

Mr. BOUTELL. When was it?

Mr. PITKIN. I can not answer that accurately; in 1830 or 1840.

A BYSTANDER. About 1850.

The CHAIRMAN. With a tariff of 60 per cent they have not opened any branch factory here or moved their main factory here, have they?

Mr. PITKIN. No, sir. As long as you have raised that question—

The CHAIRMAN. Any comments you want to make, of course I want you to make them.

Mr. PITKIN. Yes. Well, I have assumed that that grade of goods not having been made here, it is difficult to make them, and that the conditions where they are now made are more favorable for making them there. You know that that is true of lots of industries which have been located in one district for one hundred years. The operatives have been trained to do that certain thing which they do, to make certain things, and those things can be made cheaper in those districts than they could be made anywhere also.

Mr. BOUTELL. Perhaps I had better make my question a little more "scopy," then. I do not know whether you can answer it or not.

Mr. PITKIN. I will try.

Mr. BOUTELL. Do you know to what extent American manufacturers, American potters, are interested in foreign manufacturing?

Mr. PITKIN. I think I ought to say this about the Havilands. I want to be sure to be correct. They live in France. They live there and do not live here. They are essentially French manufacturers. At the present time they are not American citizens—American citizens doing business in France—although they are in a sense. They were Americans.

As to your other question, I think there are some houses doing business on the other side who have interests abroad. I think you could count them on half the fingers of one hand, so far as I know. In other words, they are a very scarce article. And another thing I would like to say is that, so far as I know—and I would put \$10,000 right down in money on that table on it—that they are as honest and straight as a gun barrel, and that they would not do a dirty thing—they would cut off their hand before they would do it—those same people.

Mr. GRIGGS. Put up your money.

Mr. PITKIN. I am willing to put it up, sir, and I have got it—not with me.

Mr. GRIGGS. I just thought I would call your bluff. [Laughter.]

STATEMENT OF MR. WILLIAM BURGESS, OF TRENTON, N. J.

The CHAIRMAN. You are a manufacturer of pottery?

Mr. BURGESS. Yes, sir.

The CHAIRMAN. Connected with that industry?

Mr. BURGESS. I am connected with the manufacture of pottery: yes, sir. I represent the United States Manufacturing Potteries Association.

The CHAIRMAN. You are the same Mr. Burgess whose letter was read here this morning?

Mr. BURGESS. Yes, sir; I acknowledge the allegation, although it is ten years old, and will say that I wrote a similar letter within two weeks to a gentleman in New York who is in the importing business, who had some question about what I thought about the English importers, to the same effect, that I have never had any question whatever about the honesty of the English importers or their methods of doing business. But as to the matter of undervaluation in other lines, I think I can illuminate that question somewhat.

Perhaps no industry in the United States is more dependent for its existence on a protective tariff than is the pottery industry. The materials in the ground are worth from 25 to 50 cents a ton. When they are prepared in this shape [exhibiting specimen], as it comes from the miners, washed and cleaned, and from 60 to 70 per cent thrown out, it is worth from \$10 to \$12 a ton. Quartz and feldspar rock as they come from the ground have to be washed, calcined, and ground, and when they come to us it is worth from \$7 to \$12 a ton. Originally they are worth 25 to 50 cents a ton, in the ground. All of that difference represents labor, up to that point. From that point to the crudest kind of pottery that is turned out—we have none here so crude—it enhances the value maybe to \$50 a ton, and when it comes to an article such as we use ordinarily, it brings it up perhaps to \$75 or \$80 a ton. When we take some of the ware that has been spoken of, in this white china, it is worth over \$200 a ton, and the various grades of stuff that we think we can produce in this country run up to maybe \$2,500 a ton, articles of that kind [exhibiting specimen]. I did not get the exact price of this particular article, but I saw some made for Governor Murphy, of New Jersey, at \$600 a dozen, that was of a similar design. I simply show you these various decorations to show that china ware of the most beautiful kind can be produced in this country.

The CHAIRMAN. Was that at \$600 a dozen American ware?

Mr. BURGESS. Yes. That was made in Trenton, N. J., at the place that was referred to by Mr. Kinney, in the Lenox factory.

Mr. COCKRAN. That is \$50 a plate?

Mr. BURGESS. Yes, sir.

Mr. COCKRAN. How much does that cost abroad, do you suppose?

Mr. BURGESS. They charge for their name, and it might cost more over there, but it might cost less. Intrinsically it would cost considerably less.

Mr. LONGWORTH. How much would that cost at a jeweler's?

Mr. BURGESS. I am not in the jewelry business.

Mr. LONGWORTH. Would it be \$100 a plate?

Mr. BURGESS. It might, if they could find a purchaser at 100 per cent profit. So we can say roundly that the total cost of pottery ware includes from 85 to 95 per cent labor in some form or other. The actual wages paid by the manufacturing potter to his operators run from about 50 per cent of the total cost of labor to 45 per cent for material, including the fuel and other kindred materials that do not enter directly into the body of the ware. It is therefore our intention, as we understand it is your desire, to present certain facts and figures relative to the cost, particularly the labor cost, of competing products from various foreign countries. Pottery naturally subdivides itself into two general classes, namely, first, earthenware, which comprises glazed and unglazed clay products, the distinguishing characteristics being an open or porous body and of an opaque nature; and, second, china, comprising glazed and unglazed clay products of a vitreous or nonabsorbent character and translucent to a greater or less degree. Although both classes are composed to a great extent of similar material, yet they differ in many particulars as greatly as do cotton and silk. They differ, first, in the proportion of the ingredients entering into the body and glaze; second, in the process of manufacture; third, in the cost of production, and, fourth, in general appearance and selling qualities.

The tariff rate of pottery wares in the customs tariff act of 1897 was based largely on the difference in the cost of production between Great Britain and the United States, and this largely on the relative costs of earthenware. At that time Great Britain was the chief competitor of the United States in pottery. Since that time conditions have changed. To-day Germany, Austria-Hungary, and Japan are our chief competitors.

Here I would like to refer you to that chart, copies of which I put before you. It gives graphically the conditions.

(The chart referred to will be printed hereafter.)

The red mark crossing the chart indicates the amount of goods shipped from Great Britain twenty-five years ago, in 1884, \$2,986,806. You see, it runs across until the highest point is reached, in 1896. In 1893, of unpleasant memories to the American potters, it reached a high point. Then, through the general depression of the trade, it dropped over a million dollars; but when the amount that had been imported was exhausted it immediately sprang up again, so that in 1896 it reached the highest point. Then you can see the action of the Dingley tariff law very graphically described there. In 1897 the figures were about \$4,000,000. They immediately dropped in 1898 to \$2,709,000, and they run across the chart with very little variation up to the present time, where they are just \$100,000 less than they were twenty-five years ago. The black mark commencing at the southwestern corner of the map indicates that Germany was sending to us at that time, in 1884, \$690,000 worth. It has steadily gone up, following a little the depression after the enactment of the bill, but very quickly recuperating and going up to the northeast corner, where she now stands, at \$5,300,000, or \$2,200,000 more than from Great Britain. Then we notice a similar increase in Austria, from \$161,000 to \$991,000—almost a million more. Japan is particularly interesting to us. Although those who have preceded me did not see

that it is a competing factor, we know that it is a very actively competing factor, that is injuring us very much in an indirect way. The importations there for twenty-five years ago were \$152,000. Last year they reached their highest point, just under \$2,000,000, or more than France brought in that time.

Mr. RANDELL. What line is it that represents Japan?

Mr. BURGESS. The green line.

Mr. CLARK. Do these figures out in the margin show the importations?

Mr. BURGESS. Yes.

Mr. CLARK. In no case do the figures here agree with what you state there.

Mr. BURGESS. They are just the hundred thousands.

Mr. CLARK. Oh, yes.

Mr. BURGESS. Anything below the hundred thousands would hardly be shown on so small a scale, so that I have just put in the millions and the hundreds of thousands. We believe, gentlemen, that the time has arrived when these classes of merchandise should be separately classified and different rates fixed on earthen and china wares. Under the Dingley law great progress has been made in the manufacture of earthenware in the United States, both as to quantity and quality, but the progress along the lines of china manufacture has been slight, owing to a greater proportionate cost of its production between this country, the Continent, and the Orient.

As the methods of manufacture in Great Britain more closely correspond to those used in the United States, we can more accurately compare the cost of production between these countries. We will endeavor to do this in detail, and will then show by percentages based on actual data, which we will also present, the lesser cost of similar products in the various countries of Europe. The cost of production naturally divides itself into the amount of capital invested and the material and labor cost. Then another item of great importance is the conditions which surround the labor. The conditions surrounding the producer must be noted, especially in relation to child and adult, male and female labor, the hours of labor, and in cases where piecework prices are paid, the special conditions under which payment is made. In all the above elements the American manufacturer is greatly handicapped.

As to the matter of capital investment, it necessarily is much greater. Especially when you consider the cost of the mason at \$9.26 per week, the carpenter at \$8.85 per week, and others proportionately, you realize that the cost of a plant, a 6-kiln pottery, would be about \$60,000, as against about \$80,000 in this country. These figures are taken from actual estimates that were made under a given plan, with similar location, taken in England and in New Jersey.

Then there are the necessary investments for working capital and the other investments in connection with the plant, such as the molds and saggars and those things that are required in the process, so that the total investment would be in England about \$67,940, as against \$93,464 in this country, or a difference of about 37 per cent.

(The table referred to is as follows:)

TABLE I.—*Plant investment.*

Description.	English.	American.
Land, machinery, buildings, fixtures.....	\$90,000	\$90,000
Saggers.....	1,260	2,814
Molds.....	4,680	8,660
Ware boards.....	2,000	2,000
Total.....	67,940	98,464

Difference, 37 per cent.

Then the materials, the principal materials entering into potter's product, show 43 per cent of American cost over English cost. That is, the cost of the materials that enter actually into the ware, the body materials, is only 31 per cent, but for the other materials we have to use, such as plaster, coal, and so on, there is a difference of 41 per cent. This table gives in detail the prices:

TABLE II.—*Materials.*

	England.	America.
<i>Body material.</i>		
China clay:		
American.....per ton 2,240 pounds.....		\$11.20
English.....do.....	\$7.80	11.80
Ball clay:		
American.....do.....	5.57	8.70
English.....do.....		9.45
Flint dry.....do.....	4.42	8.28
Feldspar.....do.....	18.00	11.78
Stone.....do.....	10.20	14.00
Average.....	8.19	10.74
<i>Other material.</i>		
Sagger marl.....per ton 2,240 pounds.....	.90	2.16
Wad clay.....do.....	.98	1.63
Sand.....do.....	3.20	3.70
Coal and slack.....do.....	2.75	3.60
Average.....	1.95	2.75

Difference, body materials, 31 per cent.

Difference, other materials, 41 per cent.

Then the great item, of course, is wages. The wages paid to the producing help can be arrived at in two ways: First by comparing the amount of wages actually earned by the various branches under conditions. Table No. 3 represents the comparative weekly earnings for the various branches of the pottery industry. The English figures are taken from a report made by Mr. Bailey, president of the English Manufacturers' Association, and presented during a recent labor dispute to the board of arbitration. "The table," he explains, "was compiled from returns sent in from 30 representative firms, and the earnings given averaged over a period of thirteen weeks between May 2 and August 1." Mr. Bailey expressed the opinion that, during the period in question, short time was being worked by most of the operatives.

In comparison with that we give the American figures, which were compiled from returns sent in by 30 representative firms in this

country, covering the months of May, June, August, and September of the present year. We also append similar figures for last year, when we were working fuller time.

(The table referred to is as follows:)

TABLE III.—*Comparative weekly earnings.*

	England, 1908.	America, 1908.	America, 1907.
Plate makers.....	\$6.90	\$20.23	\$23.38
Jiggerers.....	8.42	22.12	25.09
Dish makers.....	7.22	17.66	21.53
Cup makers:			
Men.....	7.48	19.10	22.00
Women.....	4.94		
Saucer makers:			
Men.....	8.10	19.92	22.94
Women.....	4.06		
Basin makers.....	8.60	18.98	20.78
Pressers.....	5.94	14.13	17.75
Printers.....	5.82	18.75	19.73
Transferrers (women).....	2.60	7.17	8.46
Dippers.....	9.96	22.66	26.52
Segger makers.....	7.70	17.53	24.12
Mold makers.....	9.12	20.16	25.72
Throwers.....	6.68	25.00	26.00
Turners.....	6.44	16.46	21.06
Handlers:			
Men.....	6.76	19.46	22.45
Women.....	3.50		
Kilnmen.....	7.20	14.40	18.66
Average.....	6.71	18.35	21.76

Difference 1908, 173 per cent.

The result shows the average of these weekly earnings in England was \$6.71. The average earning in this country during this present year, working slack time, was \$18.35. Last year, as a matter of comparison, it was \$21.76. Some of the factories were not working full time then. That makes a difference during this present year of 173 per cent of actual wages earned during about the same time and under similar conditions.

Table No. 4 corroborates the English figures of Mr. Bailey, and these figures are taken from the English Government reports on the standard rates of wages for 1908. They report similar figures very near the same.

(The table referred to is as follows:)

TABLE IV.

[From English Government reports, 1908.]

	Per week.
Potters (clay workers).....	\$6 to \$8.40
Kilnmen.....	7.20
Laborers.....	4.52
Decorators.....	7.20 to 9.60

Another interesting statement was made by Mr. John S. Goddard, a prominent English manufacturer, during this hearing of the board of arbitration. This was to show how well the men were paid in England, and how uniform the payment was, so that they should not get their request for higher wages which they had made. He said:

"On my works, taking men, women, and children employed, the average wage per head, per week, for the whole year, was one pound 4 pence (\$4.88). This included the manufacturers and everybody employed on the works."

Comparing these figures with the statistics of New Jersey for the same year—1907—we find that the average yearly earnings for pottery employees (not including manufacturers) was \$619.27, or equivalent to \$11.90 per week per head, or a difference between the New Jersey potters and the English potters of 144 per cent.

Mr. LONGWORTH. What class of pottery is this?

Mr. BURGESS. This takes in particularly—

Mr. LONGWORTH. Inferior classes?

Mr. BURGESS. This is what is known as earthenware.

Mr. LONGWORTH. Earthenware?

Mr. BURGESS. There are various grades of earthenware, and these figures are taken from the makers of the very best earthenware in Great Britain—in the world.

Mr. LONGWORTH. That is ordinary labor? That is not highly skilled labor?

Mr. BURGESS. Just as highly skilled as that employed in making the china; the same class of labor.

Mr. UNDERWOOD. Do your figures show how much wages went into the product produced?

Mr. BURGESS. Yes; I will reach that later.

Mr. UNDERWOOD. So that you can make a comparison?

Mr. BURGESS. Yes, sir. Of course you understand that in this comparison the New Jersey statistics take in all kinds of labor, including women, and sometimes that is not taken in in the cheaper grades. That is not in this list. I made this list to conform as closely as possible with the English list, so that we could arrive at exactly the same percentage of difference, covering the same ground. Then, we compare in detail the piecework prices paid in England and the United States for articles in common use. As a matter of fact, through all the potteries of the world that I have come in contact with, piecework is paid almost universally in some form or other. Table No. 5 shows the comparative figures.

(The table referred to is as follows:)

TABLE V.—Comparative piecework prices.

DISH AND BAKER MAKERS.

[Per dozen, in dollars and cents.]

	England.	America.	Per cent.
Bakers:			
3-inch.....	\$0.0698	\$0.09	29
4-inch.....	.0898	.10	42
5-inch.....	.0776	.11	38
6-inch.....	.0798	.12	50
7-inch.....	.09	.13	44
8-inch.....	.0997	.15	50
9-inch.....	.1097	.16	46
10-inch.....	.1197	.18	50
Dishes:			
3-inch.....	.0698	.09	29
4-inch.....	.0898	.10	43
5-inch.....	.0798	.11	38
6-inch.....	.0997	.12	20
7-inch.....	.0997	.13	30
8-inch.....	.0997	.15	50
9-inch.....	.1107	.16	34
10-inch.....	.1197	.18	50
11-inch.....	.13	.20	54
12-inch.....	.13	.22	69
14-inch.....	.1795	.29	62
16-inch.....	.1995	.37	85

TABLE V.—Comparative piecework prices—Continued.

PRESSING.

	England.	America.	Per cent.
Brush vases.....	\$0.219	\$0.30	37
Butters, covered.....	.578	.64	10
Chambers, covered:			
6's.....	.472	.97	105
9's.....	.472	.88	86
Comports:			
7-inch.....	.290	.51	70
8-inch.....	.290	.55	84
9-inch.....	.339	.60	77
Cuspidors:			
2's.....	.758	1.47	98
1's.....	.958	1.29	34
Covered dishes:			
7-inch.....	.658	1.01	53
8-inch.....	.718	1.11	54
9-inch.....	.778	1.24	59
10-inch.....	.837	1.38	65
Covered casseroles:			
7-inch.....	.658	.97	47
8-inch.....	.718	1.06	47
9-inch.....	.778	1.20	54
10-inch.....	.837	1.33	71
Creams:			
24's.....	.259	.45	74
30's.....	.239	.42	76
Ewers:			
6's.....	.638	.92	40
9's.....	.598	.82	37
Ewers, mouth.....	.253	.45	78
Jugs:			
4's.....	.504	.85	69
6's.....	.441	.70	56
12's.....	.346	.55	59
24's.....	.294	.45	53
30's.....	.252	.42	67
36's.....	.252	.38	43
Salads:			
7-inch.....	.309	.65	110
8-inch.....	.349	.75	103
9-inch.....	.439	.85	85
10-inch.....	.518	.95	83
Sauce boats.....	.279	.42	51
Sauce tureens.....	.658	1.00	52
Sauce stands.....	.219	.38	51
Sauce ladies.....	.099	.25	152
Slop jars.....	2.159	2.58	20
Soups, covered.....	.438	.60	37
Soup tureens:			
9-inch.....	1.67	2.76	64
10-inch.....	1.91	2.99	56
Soup stands:			
9-inch.....	.438	.55	26
10-inch.....	.438	.64	46
Soup ladies.....	.18	.34	89
Parlor spittoons.....	.239	.69	189
Sugars:			
24's.....	.438	.64	46
30's.....	.399	.60	50
36's.....	.359	.56	56
Teapots, 24's.....	.598	1.00	67

JIGGERING.

Bowls:			
24's.....	\$0.0846	\$0.06	73
30's.....	.0277	.053	100
36's.....	.0231	.05	116
42's.....	.0197	.05	154
Butters, Individual.....	.0126	.0275	118
Basins.....	.21	.35	66
6-inch.....	.21	.30	43
9-inch.....	.189	.25	82
Cups.....	.0147	.0325	121
Saucers:			
Coffee.....	.0189	.0275	45
Tea.....	.0108	.0275	64
A. D.....	.0126	.0275	118
Toy.....	.0126	.0275	118

TABLE V.—Comparative piecework prices—Continued.

JIGGERING—Continued.

	England.	America.	Per cent.
Fruits, all sizes.....	\$0.0168	\$0.0275	64
Ice creams.....	.0168	.0275	64
Nappies:			
3-inch.....	.0683	.08	26
4-inch.....	.0683	.08	26
5-inch.....	.084	.10	19
6-inch.....	.084	.10	19
7-inch.....	.0845	.10	6
8-inch.....	.0845	.10	6
9-inch.....	.1155	.12	4
Plates:			
4-inch.....	.0168	.03	80
5-inch.....	.0189	.085	85
6-inch.....	.0215	.04	86
7-inch.....	.026	.045	70
8-inch.....	.0804	.05	78
6-inch deep.....	.0189	.045	138
6-inch deep.....	.0215	.05	138
7-inch deep.....	.0262	.055	110
8-inch deep.....	.0804	.0825	105
6-inch fest.....	.024	.05	108
7-inch fest.....	.08	.05	83
8-inch fest.....	.033	.625	89
6-inch deep fest.....	.024	.08	150
7-inch deep fest.....	.08	.085	117
8-inch deep fest.....	.083	.0725	119

THROWING.

Bowls:			
24s.....	\$0.0315	\$0.03	59
30s.....	.0252	.04	59
36s.....	.021	.035	67
42s.....	.0179	.035	95
Mugs:			
24s.....	.0315	.055	74
30s.....	.0252	.045	78
36s.....	.021	.04	90
42s.....	.0179	.03	67
Sugars:			
24s.....	.0787	.12	52
30s.....	.0787	.12	52

TURNING.

Bowls:			
24s.....	\$0.0319	\$0.06	88
30s.....	.0255	.055	115
36s.....	.021	.05	119
42s.....	.0182	.05	174
Mugs:			
24s.....	.0319	.08	166
30s.....	.0255	.074	194
36s.....	.021	.07	233
42s.....	.0182	.06	229
Sugars:			
24s.....	.159	.195	28
30s.....	.159	.185	17

HANDLING.

Cups:			
Coffee.....	\$0.0168	\$0.04	132
A. D.....	.0147	.055	274
Tea.....	.0147	.035	138
Toy.....	.0147	.035	138
Mugs:			
24's.....	.0315	.06	90
30's.....	.0252	.06	138
36's.....	.021	.06	185
42's.....	.0179	.06	230

The prices referred to are computed on a net American currency basis, allowing 24 cents to the shilling, and the percentages are given in detail of each item, running from about 6 or 7 cents in some items to 233 per cent.

Then we have another class of labor, which are what I term the nonproducing help. Table No. 6 gives the average wages of these people.

(The table referred to is as follows:)

TABLE VI.—Comparative wages, nonproducing help.

Occupation.	England.	United States.
Bookkeepers, per week	\$7.75	\$18.00
Office clerks, per week	4.70	10.00
Office boys, per week	1.50	4.00
Teamsters, per week	6.00	12.00
Engineers, per week	8.80	18.00
Laborers, per week	5.20	9.00
Oven firemen, per week	12.00	20.00
Decorating firemen, per kiln	1.75	3.50
Head biscuit brusher, per kiln	2.26	5.50
Head glost dresser, per kiln	2.26	6.00
Biscuit ware girls, per kiln	1.52	4.00
Glost ware girls, per kiln	1.52	5.00
Glost warehousemen, per week	7.50	15.00
Selectors, per week	3.55	9.00
Slip makers, per week	6.48	12.00
Pug-mill men, per week	4.74	12.00
Dippers, per week		
Dippers' help (women), per week	2.26	6.00
Dippers' help (boys), per week	1.68	3.50
Night watchman, per week	6.48	15.00
Managers, per week	14.40	25.00
Foremen, per week	8.25	18.00
Average	5.78	10.97

Difference, 108 per cent.

The total percentage of difference in this group of wage-earners in proportion to the number of such employed is 145 per cent higher in America than in England.

Table 7 shows the actual output of an English and an American pottery of equal size for one year, confining itself to the manufacture of staple goods, and is figured at full journeyman's wages in each case.

This is, perhaps, the best way of comparing the total cost, as the demand for such articles as plates, cups, saucers, and bowls far exceeds in quantity such articles as covered dishes, teapots, and so forth. Thus the total amount paid in wages to the molders of the ware is 60 per cent higher in cost in America than in England, just for that particular branch. I next give you in detail a table showing the actual figures, taken from the books of a factory making 213,785 dozens of ware, of the actual output of the plant.

(The table referred to is as follows:)

TABLE VII.—Total actual output of one pottery plant for one year.

Articles.	Dozen.	Articles.	Dozen.
Bakers, 24-inch	450	Mugs, 36s	400
Bakers, 3-inch	75	Nappies, 5-inch	200
Bakers, 4-inch	25	Nappies, 6-inch	350
Bakers, 5-inch	25	Nappies, 7-inch	1,200
Bakers, 5-inch, single	200	Nappies, 8-inch	1,800
Bakers, 6-inch	380	Nappies, 9-inch	400
Bakers, 7-inch	850	Nappies, 10-inch	300
Bakers, 8-inch	550	Plates, 4-inch	500
Bakers, 9-inch	375	Plates, 5-inch	5,000
Bakers, 10-inch	500	Plates, 6-inch	10,000
Bowls, 30s, oyster	800	Plates, 7-inch	15,000
Bowls, 24s	1,000	Plates, 8-inch	10,000
Bowls, 30s	3,500	Plates, 6 inches deep	1,000
Bowls, 36s	1,000	Plates, 7 inches deep	8,000
Butters, covered	400	Plates, 8 inches deep	10,000
Butters, individual	4,000	Plates, 5-inch festoons	1,500
Casseroles, covered, 7-inch	100	Plates, 6-inch festoons	5,000
Casseroles, covered, 8-inch	125	Plates, 7-inch festoons	7,500
Casseroles, covered, 9-inch	50	Plates, 8-inch festoons	7,500
Comports, 8-inch	100	Plates, 5 inches deep	500
Cupboards, 2s	100	Plates, 8 inches deep	3,000
Cover dishes, 7-inch	200	Plates, cake	1,000
Cover dishes, 8-inch	800	Plates, cup	500
Creams, 30s	700	Sauce boats	500
Coffees, unhandled	4,000	Saucers, coffee	10,000
Coffees, handled	10,000	Saucers, coffee, festoon	3,000
Tea	20,000	Saucers, tea	22,000
Dishes, 4-inch	125	Saucers, tea, festoon	12,000
Dishes, 5-inch	300	Saucers, fruit, 34-inch	8,000
Dishes, 6-inch	130	Saucers, fruit, 4-inch	3,000
Dishes, 7-inch	400	Saucers, fruit, festoon	5,000
Dishes, 8-inch	275	Sugars, 24s	450
Dishes, 9-inch	450	Sugars, 30s	1,000
Dishes, 10-inch	450	Teapots	1,000
Dishes, 11-inch	450	Sauce dishes, tureens	100
Dishes, 12-inch	400	Sauce dishes, stands	100
Dishes, 13-inch	275	Sauce dishes, ladies	100
Dishes, 14-inch	400	Soup dishes, tureens, 9s	125
Dishes, 16-inch	250	Soup dishes, ladies	100
Ice creams, 34-inch	1,500	Soup dishes, stands	100
Ice creams, 4-inch	1,000	Vases	1,500
Jugs, 4s	25	Basins, 9s	2,000
Jugs, 6s	300	Chambers, 9s	1,500
Jugs, 12s	625	Ewers, 6s	1,500
Jugs, 24s	1,500	Ewers, mouth	600
Jugs, 30s	700	Soaps	1,000
Jugs, 36s	1,000	Slop jars	150
Mugs, 24s	300		
Mugs, 30s	2,200		
		Total dozens	218,785

The next table, No. 8, shows the several items making up the total cost of the above tabulation—that is, of their labor—covering the potters, the oven men, the mold makers, the sagger makers, and all other wages, and office and management, showing a difference of 111 per cent in the actual total money paid out to wage-earners of the factories.

(The table referred to is as follows:)

TABLE VIII.—Total wage costs.

Branches.	England.	America.
Potters (wages)	\$13,634.60	\$21,788.95
Oven men (wages)	3,477.00	12,183.00
Mold makers (wages)	1,129.00	2,450.00
Sagger makers (wages)	811.00	2,248.00
All other wages	5,782.50	14,054.38
Office and management	3,018.00	6,240.00
Total	27,902.10	58,912.23

Difference, 111 per cent.

Table IX shows the difference in the cost of materials not entering in that way, making a difference of 43 per cent.

(The table referred to is as follows:)

TABLE IX.—*Total material costs.*

Description.	England.	America.
Materials entering into the body and glaze.....	\$17,610	\$23,156
Materials not entering into same.....	12,402	20,840
Total.....	30,012	42,996

Difference, 43 per cent.

Table 10 shows the total cost of the product of the above potteries in England and the United States, including everything excepting the manufacturer's salary, and shows that the total cost is 75½ per cent higher in the United States than in England.

(The table referred to is as follows:)

TABLE X.—*Total cost.*

Description.	England.	America.
Labor.....	\$27,902.19	\$58,912.28
Material and fuel.....	30,012.00	42,996.00
Interest.....	5,055.00	7,430.00
Insurance.....	1,500.00	1,500.00
Taxes.....	550.00	1,450.00
Gas and water.....	830.00	975.00
Total.....	65,849.19	115,263.28

Difference, 75½ per cent.

The cost of the production of that amount of ware is \$65,849.19 in England, as against \$115,263.28 in America.

Now as to conditions. It will be noted by referring to the above-mentioned Table 7 that although the piecework prices will average 60 per cent higher in America than in England, yet the actual wages earned and paid, taken from Table 3, taken from practically the same time of the year and under similar conditions in America, are 173 per cent more in America than in England. Then the question of the age of the children must be taken into consideration. In England children may work in a pottery, under certain conditions, at 10 years of age. In America the age limit is 14.

Second, in England female labor is employed in the ratio of 80 females to 100 males. In America the ratio is 19 females to 100 males. It will also be noted in Table 3 that cup making, saucer making and handling is done largely by women in England, the same being done exclusively by men in America. The following is taken from the report of the English Board of Trade relative to the standard wages prevailing in certain occupations in the principal industrial towns in the United Kingdom, on page 441. The quotation is as follows:

It appears that women and girls are very largely employed in the pottery industry. In some branches of the trade they are being employed to an increasing extent upon work which a few years ago was performed almost exclusively by men. They are now actively in competition with male labor; and as they

are able to do similar work for lower wages they are gradually driving men from certain sections of the trade. The reason given for this is the usual one—women do the work as satisfactorily as men, and the cutting of prices in trade competition drives the employer to resort to lower-paid labor.

I have found that there were some of the manufacturers who had such thorough discipline in their works that they had changed that method, to the great satisfaction of some of the working people.

Fourth. As to the apprenticeship system in England, the indenturing of apprentices is an old-established English custom. Many of these indentures being made between the age of 10 and 12 years and expiring at the age of 21, it secures to the manufacturer well-trained workmen and the benefit of such training for a period of years. Many of these apprentices begin at 48 cents per week the first year, increasing thereafter at the rate of 24 cents annually, so that, in some branches, a boy having worked four years at his trade will earn the sum of \$1.20 per week. From that time to the expiration of his indenture he is supposed to work at 50 cents off the journeyman's wage scale. In some departments more than half the number employed are apprentices.

Mr. GAINES. How long did you say he was expected to work at half of the journeyman's scale?

Mr. BURGESS. It would depend on the time he commenced his apprenticeship. If he commenced at 10 years, he would work five years and get up to \$1.20. From that age up to 21, which would be six years, he would work for 50 per cent off the journeyman's list. In America the trades unions have so regulated the making of apprentices, their years of service, and their proportionate number to the journeymen employed that the American manufacturer has little or no benefit from the apprentice system, and must reckon his cost on the journeyman's rate of pay. From the above statement of facts and figures it will be seen that the total average percentage of piecework cost is 60 per cent more in the United States than in England; that the average difference in cost, considering it from the standpoint of the potter's production, is 111 per cent higher; and that, on account of the various conditions surrounding the workmen, the actual wages earned are 173 per cent greater. That is all about on that English proposition.

Mr. LONGWORTH. How about their working hours over there?

Mr. BURGESS. They work about fifty-four hours in England.

Mr. LONGWORTH. Nine hours a day?

Mr. BURGESS. Ten hours a day and four hours on Saturday. On the Continent it is almost universally sixty hours, including Saturday.

Without going so thoroughly into the detail of wages and conditions on the continent of Europe, the following comparative figures will show a much greater difference in actual making cost between the United States and these pottery-producing countries than between the United States and England. Table No. 11 will show the relative molding prices of earthenware plate, and so forth, in the various pottery centers of Europe and America. Just to give one instance, in Holland a 7-inch plate, an ordinary breakfast plate, is paid for at 1.44 cents per dozen. We pay 4 cents a dozen.

(The table referred to is as follows:)

TABLE XI.

Description.	Holland.	Germany.	America.
Plates, 7-inch, per dozen	\$0.0144	\$0.0148	\$0.04
Cups	.0048	.0075	.0325
Saucers	.0048	.0075	.0375
Bowls, flgged	.0048	.0075	.035
Bowls, turned	.014	.0091	.05
Cuppldors		.12	.38
Teapots	.21	.24	.68
Casseroles	.30		.80
Soup tureans	.96		2.07

A still greater difference exists in the methods of manufacturers. Whereas men are employed in the United States as cup makers and saucer makers, women are largely employed in England and boys on the Continent. In the dipping or glazing of the ware men are employed in the United States and largely so in England, while on the Continent boys, and in some cases women, are employed to do this work at a cost of from 25 cents to 50 cents per day, as against our men at from \$25 to \$30 a week. In the United States and in England men are employed for the placing and emptying of the kilns. In Germany and Austria women are employed to place the ware in the "saggers" (firing cases), and young girls wad the "saggers" (that is, place rolls of clay on the edge of the "saggers" for sealing purposes), while one man carries the loaded saggers to the kiln mouth, where the second man places them in the kiln. Twelve to 14 women with 2 men make up the kiln gang. These women are paid 25 cents per day, while the men earn 96 cents per day. In America the operatives who do this work are all men, and earn on an average of \$3 per day. The aggregate kiln men's wages in an American pottery is the largest single item of labor expense. It is therefore easy to be seen what a great advantage the continental manufacturers have in this particular item. The labor cost is about 220 per cent greater in America than on the Continent, making a total difference of cost of the production of earthenware of in the neighborhood of 95 per cent.

Now, we turn to the subject of china ware, which we perhaps are more deeply interested in at the present time. When we turn from the subject of earthenware, or clay products of a porous and opaque body, to that of china, porcelain, and so forth, or clay products of a vitreous and translucent character, we are dealing with an entirely different proposition. The manufacturer of china is surrounded with many difficulties not encountered in the manufacture of earthenware. Two new factories have started and two others are doing a little in that direction. Of those now operating, two are making a very high grade of china ware, finding a limited sale for it on account of its special merits. The others are confining themselves to the production of china for hotel purposes. Several others started after the enactment of the Dingley bill, and after a struggling existence have gone to pieces, discontinued, or failed.

Hotel china has for many years been made in this country with varying success. I might say here that we in this country were the originators of the heavy hotel china, and we feel that we ought to keep it here. The Germans, having ever a watchful eye on the

American demand, have within the past few years entered this particular market, having copied American shapes and styles, and are offering and are selling their product at prices which are rapidly displacing the American-made articles, it being the custom of these manufacturers to sell and deliver their product direct from the German factory to the American hotel consumer. While china of the thicker or stronger grades has been produced with some success, yet it has been commercially impossible to manufacture the thinner and cheaper grades. These goods are produced largely in Germany, Austria, and Japan, and are being imported and sold at such low prices as to become potent competing factors with the cheaper grade of American earthenware. It is a well-known fact that any housewife will prefer an article of china to one of earthenware, if the difference in cost is not too great. Now, the price of the imported china article is so low that the competition is almost direct with our earthenware. In this particular grade of ware we wish to ask for especial attention and consideration.

I have shown you from various points of view the difference in the cost of production between English and American earthenware. While I can not compare in such detail and in the same manner the difference in cost of china, yet I will endeavor to show how that difference in cost is vastly greater than the difference in the cost of earthenware. Just after the enactment of the tariff law a German manufacturer came to this country—

Mr. COCKRAN. Which tariff law?

Mr. BURGESS. The Dingley law; the present law. This German manufacturer came to this country with the idea that with a duty of from 55 to 60 per cent he could start making the china in this country. After spending some weeks in thoroughly investigating the wages and the conditions surrounding the manufacture of pottery wares, he made the statement that "it would be a mistake to even attempt to manufacture china in the United States under the present tariff, considering the labor cost." He stated that where men were earning from \$20 to \$25 per week in the dipping, girls at the cost of \$3 a week were doing the same work, and he made various other comparisons, which I give in my brief, but will not give you now.

In further confirmation of the above statement, I desire to present official figures from the Sonneyberg Chamber of Commerce, referring to pottery wage-earners, giving the average weekly earnings by age. Sonneyberg is one of the pottery centers of Germany.

(The table referred to is as follows:)

TABLE XII.—*Giving the average weekly earnings, by age.*

	Per week.
Males under 16 years, day wage.....	\$2.30
Males under 16 years, piecework.....	2.38
Males 16 to 20 years, day wage.....	3.88
Males 16 to 20 years, piecework.....	4.32
Males over 20 years, day wage.....	3.60
Males over 20 years, piecework.....	^a 7.20
Females under 16 years, day wage.....	2.16
Females under 16 years, piecework.....	2.68
Females 16 to 20 years, day wage.....	2.16
Females 16 to 20 years, piecework.....	2.61
Females over 20 years, day wage.....	2.16
Females over 20 years, piecework.....	3.00

^a Maximum.

Time, sixty hours per week.

You will see that the women over 20 years of age get, working for a daily wage, \$2.16 a week, and the maximum man's wage per week is \$7.20.

I further present Table No. 13, being figures taken from such sources as the report of Mr. C. M. Pepper, the special agent for the Department of Commerce and Labor, for 1908, and the report of an inquiry by the English Board of Trade into the rates of wages, etc., in German towns, 1908, and from personal investigation, showing that the average cost of labor, or average earnings rather, in Germany were \$5.27 a week, in Austria \$4.85 a week, as against \$16.79 with us.

(The table referred to is as follows:)

TABLE XIII.—Average weekly earnings.

Description.	Germany.	Austria.	America.
Jiggermen.....	\$6.78	\$6.01	\$33.30
Pressers.....	6.78	6.92	16.43
Oasters (men).....	7.68	7.12	17.10
Oasters (women).....	4.89	4.75	
Dippers (women).....	3.47	2.74	
Dippers (men).....			30.00
Brushers (women).....	3.47	2.74	6.00
Kiln placers (women).....	3.47	2.74	
Kilnmen.....	5.76	5.28	20.00
Mold makers.....	8.42	8.12	20.33
Sagger makers.....	7.40	7.01	23.30
Warehousemen.....	6.54	6.09	15.00
Selectors.....	3.04	2.16	9.00
Printers.....	6.72	6.45	19.57
Transferrers.....	2.16	2.74	7.40
Packers.....	5.75	5.28	18.00
Laborers (common).....	3.06	2.67	7.50
Laborers (heavy work).....	4.28	3.65	9.00
Average.....	5.27	4.85	16.79

Average difference Germany and America, 218 per cent. Average difference Austria and America, 246 per cent.

Now, I have made a little explanation of this table which does not agree with the other, but you must not be misled, because we are referring now to a different proposition. This is china, and the other was earthenware, and that table was taken from thirty different pay rolls, whereas this was taken from three, about the only three that have any pay roll in this line, and none of them were working full time, so that it is a very low estimate. This table was taken from some of the other branches of the work that were not included in the former, which was made to be accurate in comparison with Mr. Bailey's report.

Next I give you a table giving in detail the piecework prices which are paid in Germany and in America. And also a table showing the prices of materials in Germany, Austria, and America, showing a difference of about 33 per cent between Germany and America and 47 per cent between Austria and America. The principal item of difference is the coal, in Germany it being comparatively high, even higher than in America, on account of the coal being controlled by a trust.

We also desire to submit Table XIV, giving in detail the relative piecework prices which are paid in Germany and in America. These prices differ somewhat in the different parts of Germany, as they differ to an extent in the United States, but the figures herewith given

are conservative, and taken from wages actually in operation for the making of similar articles.

TABLE XIV.

Description.	Germany.	America.
Plates, 8-inch, per dozen.....	\$0.04	\$0.12
Plates, 7-inch, per dozen.....	.039	.07
Plates, 6-inch, per dozen.....	.024	.06
Plates, 5-inch, per dozen.....	.017	.05
Plates, 8-inch, deep, per dozen.....	.04	.13
Plates, 7-inch, deep, per dozen.....	.06	.115
Plates, 6-inch, deep, per dozen.....	.024	.10
Fruit saucers.....	.015	.06
Ice creamers.....	.015	.06
Oatmeal.....	.02	.07
Cups, handled.....	.031	.15
Cups, thin.....	.041	.17

Materials.

The cost of materials varies somewhat, according to the location of the factories and the quality of the material. The averages are given in Table XV. The German coals are controlled by a trust, thus accounting for the relatively high price.

TABLE XV.—Average material costs.

Material.	Germany.	Austria.	America.
China clay.....	\$9.64	\$12.20	\$13.25
Ball clay.....	5.72	3.05	8.70
Flint.....	7.73	6.09	8.23
Feldspar.....	7.73	8.11	11.76
Sagger clay.....	2.85	2.16	2.44
Sand.....	1.43	1.34	3.70
Coal.....	3.69	2.03	3.50
Average.....	5.54	4.94	7.37

Average difference, Germany and America, 33 per cent. Average difference, Austria and America, 47 per cent.

Taking into consideration the great difference in actual labor cost as given in the above tables, averaging 218 per cent, together with the difference in the cost of materials, averaging 40 per cent, we have sufficient difference to warrant us in asking a much higher rate of protection; but when we further take into consideration the fact that much of the work done in America by men is done in Germany and Austria by women and children, the figures given do not truly indicate the very great difference in total cost. We are far within conservative limits when we state that the cost of producing a given amount of china ware in this country is fully 125 to 140 per cent higher than the cost of producing the same in Germany or Austria. Next, as to freight rates, much has been said at past hearings relative to the geographical protection enjoyed by American manufacturers. The protection afforded in times that are gone on account of the necessarily slow delivery of the goods is a thing of the past. Formerly orders had to be placed months before the deliveries could be expected. To-day, with the use of the cable and fast ocean steamships, deliveries can be made in cases of necessity almost as quickly

as they can from the American pottery centers. These foreign deliveries can be and are being made at a cheaper freight rate than the American manufacturer can secure. I want to add something which I have not beside me at the moment, the through freight rates from Germany into the interior ports of our own country as compared with the same rates that we have to pay. In addition to these especially low trans-Atlantic rates the German manufacturers have special concessions which the government railways give them, the domestic rate being 25 to 30 per cent higher than the special export rate. Before granting this concession the railroad authorities require the most positive proof of the actual exportation, and the shipment of these goods by bills of lading and certificates that the goods have actually gone. They require this before they will make the concession.

There is one thing here that I want to call special attention to. The great discrepancy between the United States official figures on imports from Germany for the year 1907, and the German official figures of the same merchandise to the United States is significant, and may indicate another reason for the immense increase in the importations from Germany. The United States import figures on earthenware and china ware for 1907—our import figures from Germany—are \$5,153,943, whereas the German export figures for the same goods at the same time were \$8,114,848. Where did the shrinkage take place?

Mr. COCKRAN. You mean export goods to this country?

Mr. BURGESS. The identical goods, the export goods in the same time.

Mr. COCKRAN. To this country?

Mr. BURGESS. To this country. Their export figures to this country at the same time were \$8,114,848. That is from their official records. Our import figures for the same goods in the same time were valued at \$5,153,943, almost \$3,000,000 difference.

Mr. CLARK. Five million dollars?

Mr. BURGESS. Yes.

The CHAIRMAN. And the 60 per cent duty was paid on the \$5,000,000 figure?

Mr. BURGESS. Yes.

Mr. UNDERWOOD. Did that happen since this new rate was made with Germany, or before that time?

Mr. BURGESS. It happened last year—1907.

Mr. UNDERWOOD. That was since the new arrangement has been made with Germany?

Mr. BURGESS. Yes, sir; that was in July. It commenced July 1, 1907.

Mr. UNDERWOOD. Did that same discrepancy of figures occur before that time?

Mr. BURGESS. No, sir; that was for the year 1907.

Mr. DALZELL. That does not apply to any other year?

Mr. BURGESS. These are the only figures I have. I happened to run across them in England. The Englishmen, you know, are very much stirred up about the tariff question, and this was in the report of the Tariff Commission. The amount attracted my attention at once, because I had our own figures in mind. They were showing how the English exportation to the United States had remained practically at the same, and how the German had so enormously increased. I

hunted up the gentleman who made this statement and asked him where he got these figures, and he said he did not remember, but from some official source, and when I went to Berlin I went to the publisher of the government statistics and dug it out.

Mr. DALZELL. What I want to get at is: Is this peculiar to the year 1907, or does such a discrepancy exist for any other year?

Mr. BURGESS. I do not know; but from my observation I should say it was not an uncommon thing.

The CHAIRMAN. I understand that is the only year for which you have the figures?

Mr. BURGESS. That is the only year for which I have figures.

Mr. CLARK. I wish you would repeat what you said to Mr. Dalzell. I did not hear it.

Mr. BURGESS. My answer was that I had no other figures than those for the last year, but that from my own experience for the last five years on matters pertaining to importation I should judge that it was not an uncommon thing.

Mr. CLARK. That is what I wanted to get at.

Mr. UNDERWOOD. Another question. Does that discrepancy in the figures, as shown by the exports from Germany on their books and the imports from this country on our books, pertain to other countries that are exporting china to this country, including the English exports?

Mr. BURGESS. The English exports are almost identical with ours.

Mr. CLARK. How about the French exports?

Mr. BURGESS. I do not know. The English and the German are the only exports that I have.

(The table referred to is as follows:)

China and earthen ware imports from 1884 to 1908.

Year.	England.	Germany.	Austria-Hungary.	Japan.
1884	\$2,986,806	\$697,364	\$161,464	\$152,638
1885	3,048,101	808,327	183,427	75,902
1886	3,192,146	781,612	253,829	97,224
1887	3,680,444	868,359	391,829	68,898
1888	3,941,670	986,329	471,340	181,257
1889	3,845,620	1,087,156	519,587	204,461
1890	3,954,004	1,165,827	543,385	236,840
1891	4,325,413	1,390,018	624,000	286,201
1892	4,511,210	1,681,961	687,730	337,839
1893	4,766,774	1,852,718	808,194	407,109
1894	3,248,165	1,518,607	564,112	355,461
1895	4,651,275	1,910,263	702,335	195,981
1896	4,847,357	2,692,110	782,908	387,591
1897	4,017,233	3,033,661	558,816	429,062
1898	2,709,757	2,089,762	509,310	313,712
1899	2,983,284	2,252,286	501,097	290,121
1900	3,235,388	2,787,163	548,013	373,269
1901	3,186,969	3,392,825	622,086	469,518
1902	2,928,391	3,651,215	696,172	469,707
1903	2,995,976	3,961,501	714,131	619,390
1904	3,212,471	4,816,848	856,262	711,226
1905	2,804,811	4,770,443	909,929	957,020
1906	2,766,696	5,131,974	1,022,254	1,530,400
1907	3,147,840	5,153,943	944,498	1,976,153
1908	3,147,310	5,287,267	991,841	1,452,166

Now I want to turn to the matter of French china. The competition from France is becoming more and more direct and acute. The prices formerly secured by the French importer have been greatly

reduced on account of the increasing excellency of the competing German china product. We, as American manufacturers, have, therefore, to reckon with the cheap labor of France. The French pottery operative does not work as hard as does his German cousin. The rate of wages is somewhat higher, but the amount of actual earnings is no greater. Table No. 16 will give the making prices of the French china ware in comparison with similar articles made in America.

(The table referred to is as follows:)

TABLE XVI.

Description.	France.	America.
Dishes, 6-inch, per dozen	\$0.078	\$0.185
Dishes, 7-inch, per dozen	.10	.225
Dishes, 8-inch, per dozen	.12	.24
Dishes, 9-inch, per dozen	.14	.27
Dishes, 10-inch, per dozen	.17	.30
Dishes, 12-inch, per dozen	.25	.63
Dishes, 14-inch, per dozen	.31	.68
Dishes, 16-inch, per dozen	.40	.75
Plates, 8-inch, per dozen	.066	.122
Plates, 7-inch, per dozen	.054	.092
Plates, 6-inch, per dozen	.049	.06
Plates, 7-inch, deep	.079	.115
Plates, 6-inch, coup	.045	.10
Fruit saucers, 4½-inch	.043	.05
Tea saucers	.036	.05
Cups	.055	.14
Covered dishes	.96	1.25
Soup tureens	1.56	2.07
Sauce tureens	1.06	1.33
Sugars	.36	.64
Cremaes	.29	.42

The prices of materials I also give in the following table:

TABLE XVII.

Description.	France.	America.
China clay	\$7.40	\$13.25
Flint	4.30	8.28
Feldspar	13.50	11.76
Sagger clay	1.45	2.16
Coal	3.15	3.50

The method of manufacture and the conditions under which the manufacturing is done differ greatly from similar work done in the United States. Much of the ware made by hand by men in the United States is made by the process of casting, and done almost exclusively by women, at a reduction of about 45 per cent below the French hand-work process. Considering the figures given, a conservative estimate of the difference in labor cost of production is that it is 175 per cent higher in the United States than in France.

I come now to Japanese china ware. In discussing the problem of Japanese competition in china wares we are at a loss to find words sufficiently strong to describe the conditions that confront us. By referring to the above table of imports from 1884 to 1908, you will observe the rapid increase of importation from Japan in recent years. In 1885 the importations from Japan were about \$76,906.

In 1907 they were \$1,976,153, the rapid increase being during the past six years almost 100 per cent per annum. There are reasons for this great increase. The Japanese are alive to the development of their own resources. They sent to this country as well as to the European pottery centers a commission of potters and commercial men, men who not only discovered the western methods of manufacture and purchased machinery of the most modern and effective sort for their own development, but discovered the American market required something more than the articles of purely Japanese design. One of those who preceded me said that Japan was very much asleep in this way. I know to-day, at first hand, that they came to Trenton and got an entire pottery outfit of the most modern type of machinery and sent it to Japan, and are using it at the present time. They immediately commenced the manufacture of goods specially adapted for the American demand, and through their American agents very rapidly secured a large share of the American market. Many of the articles now coming from Japan are almost undistinguishable from those produced in Germany, and in some cases compare favorably with the French.

It must be borne in mind that the figures indicating importations in this chart of importations do not, except to a very small degree, represent the amount of competition. These figures of imports from Japan are only from the extremely low foreign invoice price of goods in Japan. They must be multiplied at least four times before we arrive at a conception of the competing value of the Japanese goods in this country.

As to the cost of production, from the best sources of information obtainable the Japanese potter earns about \$1.50 a week and the skilled decorators \$5 a week, whereas the great mass of decoration for the American market is performed by girls earning from 60 cents to 90 cents per week.

The Japanese potter has not as yet discovered material suitable for the production of the cheaper grades of earthenware. The Japanese Government has established a technical school for the development of the ceramic industry and has offered special prizes for the production of earthenware similar to that made in Great Britain and the United States.

The manufacture of Japanese ware has been, and is, largely confined to the production of tea sets and odd pieces of useful and ornamental wares. How soon the production of dinner ware will be developed is problematical.

I hope that the following will be especially noted, because it has been said that we have no direct competition with Japan. A very large demand formerly supplied entirely by the American pottery for articles used by the cereal manufacturers, tea and coffee establishments, and by the 5 and 10 cent stores, has been in the last three years very largely supplied by the Japanese goods. In that connection I would like to call attention to the tremendous increase in business. The increase in twenty-five years from England was about 5 per cent. To start with, our own increase from 1884 or 1888 to the present time has been about 75 per cent.

The CHAIRMAN. What is the total of this country now?

Mr. BURGESS. This year, as near as it can be estimated, it is \$14,000,000. It was something over \$15,000,000 last year.

The CHAIRMAN. It was greater last year?

Mr. BURGESS. Yes, sir; it was between \$15,000,000 and \$16,000,000. The import goods, as they compete with us, with the duty and everything added, run up between \$28,000,000 and \$29,000,000; so that we are actually only supplying, at a very conservative figure, not one-third of the consumption of this country to-day. But the increase, as I was saying, from England was about 5 per cent. My recollection is that from Germany it was over 700 per cent, from Austria it was at least the same, and from Japan it was something over 1,100 per cent increase.

I beg the privilege of submitting a brief to the committee, with a few supplements, before the 4th of December.

The CHAIRMAN. Do you desire to say anything about your proposition to correct the ad valorem on the wholesale crockery?

Mr. BURGESS. I believe that that is the only way that we will ever arrive at a satisfactory collection of the duties that Congress intends us to have.

The CHAIRMAN. You have a brief on that subject?

Mr. BURGESS. Yes, sir.

The CHAIRMAN. You had better submit that to the reporter.

Mr. CLARK. You think that scheme is feasible, do you?

Mr. BURGESS. Yes, sir; I have no question about it whatever, because anything that is sold in this country is bound to have a market value.

Mr. CLARK. Certainly.

The CHAIRMAN. I want to ask you something about the use of machinery in making crockery now in this country. To what extent is it used?

Mr. BURGESS. To a very large extent. The potters have been trying ever since I have been in business, for thirty years, to use machinery at every point that they could. They have improved somewhat, and we are making certain articles in a little cheaper way; but not a piece of our ware can be made without the use of the human hand. You must bear in mind that when the article is molded it is not a finished article. It is formed and prepared for the processes that come after, in the way of firing, and then afterwards glazed. So that after we pay for an article it is a long while before it is completed and ready for the market, and during all that process from the time it actually leaves the potter's hands there is no possible way in which we can use a machine in the progress.

The CHAIRMAN. What per cent of labor has been saved by any improvement in machinery in the last twelve years?

Mr. BURGESS. I do not remember that there has been any labor-saving machinery introduced in the twelve years.

The CHAIRMAN. In the last twelve years?

Mr. BURGESS. I do not recall anything at the present time.

The CHAIRMAN. You are making pottery, then, about as they did one hundred years ago?

Mr. BURGESS. We are not using the kick wheel as they used to use it, using it with the foot. That is run by steam. But it is on the same general principle.

The CHAIRMAN. So that you have not been able to improve the situation much practically by the use of machinery?

Mr. BURGESS. No, sir.

The CHAIRMAN. The material itself in its original state is of very little value?

Mr. BURGESS. Yes, sir.

The CHAIRMAN. A ton of it is worth how much, taken from the earth?

Mr. BURGESS. In the earth it is worth from 20 to 25 cents, and it will cost, depending on the material, from 50 cents to a dollar to get it out, but not ready for market.

The CHAIRMAN. In the process in preparing that do you use coal to bake it?

Mr. BURGESS. In the preparation of the material?

The CHAIRMAN. Yes.

Mr. BURGESS. No; they use coal in the calcining of the flint, and sometimes the spar, but not the clay.

The CHAIRMAN. How much coal will calcine a ton of it?

Mr. BURGESS. That is a little out of my line. I could not be accurate on that.

The CHAIRMAN. In firing the pottery afterwards, how much coal per ton of pottery do they use, roughly speaking? Can you state that?

Mr. BURGESS. I could tell about a kiln, but I do not know just how it would figure out by the ton of pottery.

The CHAIRMAN. I suppose the coal itself is pretty much all represented by labor, is it not?

Mr. BURGESS. Yes, sir; I think so. We think there is a pretty good profit in some of it, when we have to pay the bills; but it is the labor cost at the mines and the freight cost in getting it to us, which is very largely labor.

The CHAIRMAN. The royalty on the coal is usually about 10 cents a ton?

Mr. BURGESS. Yes.

The CHAIRMAN. What other materials do you use?

Mr. BURGESS. We use various other kinds of clay.

The CHAIRMAN. What other materials?

Mr. BURGESS. That is all we use for body materials, as a rule. Glaze materials we use; carbonate of lead, oxide of zinc, and boracic acid.

The CHAIRMAN. So that you say 85 to 90 per cent of it is labor?

Mr. BURGESS. Yes.

The CHAIRMAN. You did not put in that the cost of labor in producing the coal?

Mr. BURGESS. Yes; for the total production, for the finished article. That includes the cost of all the various materials.

The CHAIRMAN. How much crockery earthenware, especially common yellow ware, is exported to Canada?

Mr. BURGESS. I never heard of any.

The CHAIRMAN. You have been manufacturing all this time?

Mr. BURGESS. Yes; I have been in the business.

The CHAIRMAN. Have any of your potters ever sold there?

Mr. BURGESS. No, sir.

The CHAIRMAN. Did you ever hear of any being sold there before to-day?

Mr. BURGESS. I was utterly astonished at hearing the statement made to-day, and I inquired from the other manufacturers here, and none of them had heard of any dinner ware being exported, except possibly some one would come to the factory and want to send a dinner set over to a friend. The only way I can explain the figures, if they are accurate figures, would be by the sending out of electrical porcelain, porcelain for electrical apparatus. I know that there is a good deal of that exported to South America and various other countries. Then there is some little sanitary ware which has gone from this country to Canada, but Canada put sufficient embargo on that to force the American sanitary potteries, or one of them, to go over into Canada and build an establishment there, and they are now supplying the Canadian market from their own factory in Canada.

The CHAIRMAN. Have you ever heard of any other as being exported there?

Mr. BURGESS. No, sir; I do not know of any other.

The CHAIRMAN. I do not desire to ask anything further.

Mr. UNDERWOOD. You gave us a statement of the amount of wages that went into the production of this pottery, carrying it clear down to the rock—the raw materials?

Mr. BURGESS. Yes.

Mr. UNDERWOOD. Do you know whether there is any duty on the raw materials?

Mr. BURGESS. Yes, sir.

Mr. UNDERWOOD. That duty protects the labor that produces the raw materials?

Mr. BURGESS. Yes, sir.

Mr. UNDERWOOD. I would like to have you eliminate the question of labor that goes into the raw material, or your basic material, and give us a statement of the cost of the labor in pottery.

Mr. BURGESS. It is between 55 and 60 per cent.

Mr. UNDERWOOD. Fifty-five and 60 per cent?

Mr. BURGESS. Yes, sir; that is right out of our pay rolls.

Mr. UNDERWOOD. Now, have you on the table before you a piece of china that the average consumption in the American market calls for. I do not mean the very high priced or the very low priced, but what you sell to the average citizen.

Mr. BURGESS. I have not anything of our own production. I have a common article here that was very interesting to me because we were making identically the same plate for a party in Boston, and they were selling it at 10 cents. That is a plate I picked up in a retail way at 13 cents on the other side of the water, and the same plate in this country was being sold here at 10 cents; I mean the identical plate, not of our make [exhibiting plate]. Here is a piece of the earthenware for the million [exhibiting another plate.]

Mr. UNDERWOOD. Is that class of pottery that you hold in your hand the class of pottery that one gentleman testified this morning was mostly made by the American producer?

Mr. BURGESS. Yes, sir.

Mr. UNDERWOOD. And the importation is small in that class?

Mr. BURGESS. No, sir; the importation is very large in that class.

Mr. UNDERWOOD. What is the percentage of importation on that?

Mr. BURGESS. It is hard to tell, because they are grouped together in our statistics, "china and earthen ware." It would be simply a guess.

Mr. UNDERWOOD. I meant the percentage, not the actual amount.

Mr. BURGESS. I have no way of getting that.

Mr. UNDERWOOD. Does the importation of that amount to one-third of the product?

Mr. BURGESS. One-third of our product?

Mr. UNDERWOOD. Yes.

Mr. BURGESS. No; I do not think it would. I think we supply fully three-fourths of this class of goods.

Mr. UNDERWOOD. Of that product?

Mr. BURGESS. Yes.

Mr. UNDERWOOD. And you say that would represent an average piece of tableware used by the American consumer?

Mr. BURGESS. Yes.

Mr. UNDERWOOD. Will you describe that piece you hold in your hand so that the stenographer can get it down, so that it will show in the record what it is?

Mr. BURGESS. That is a piece of what is known as — porcelain ware made by the Homer Laughlin china firm, of East Liverpool, with a small stamped gold border and gold lines.

Mr. UNDERWOOD. Now, I want to ask you what a dinner set of that class of china will be sold for in this country by the American manufacturer; I mean the factory price?

Mr. BURGESS. That is a little out of my line. I have not been identified with that end of the business in about five years, and I do not know at the present time. My colleague, who is going to follow me, will be able to give you definite and exact figures on that point.

Mr. UNDERWOOD. What was the selling price five years ago of that class of china? What did it sell for at the factory?

Mr. BURGESS. It would be in the neighborhood of \$6 a dinner set.

Mr. UNDERWOOD. Six dollars a dinner set?

Mr. BURGESS. Yes, sir.

Mr. UNDERWOOD. How much of the cost of that dinner set, that \$6, do you say is wages?

Mr. BURGESS. I should say from \$3.50 to \$4 of that is wages.

Mr. UNDERWOOD. From \$3.50 to \$4 is wages out of the \$6 dinner set?

Mr. BURGESS. Yes, sir.

Mr. UNDERWOOD. What will a similar set of dinner ware cost laid down in New York, with the duty added, of course?

The CHAIRMAN. Do you mean imported?

Mr. UNDERWOOD. I mean imported; yes.

Mr. BURGESS. I have not those figures in my mind at all, but I should say in the neighborhood of \$6.50. I have not those figures.

Mr. UNDERWOOD. Imported china of the same kind laid down in New York would cost \$6.50. What do you say is the amount of wage that goes into that imported china?

Mr. BURGESS. It is about 45 per cent of the total cost.

Mr. UNDERWOOD. That would make it, in round figures, how much?

Mr. BURGESS. In the neighborhood of \$2.50—\$2.75.

Mr. UNDERWOOD. \$2.75. That makes a difference in your wage estimate of 75 cents between the foreign labor and the domestic labor on that dinner set?

Mr. BURGESS. Yes. The materials are in greater proportion to the total cost in England than the wages, on account of the cheaper wages. In our case almost the reverse is true. Our wage cost is in about the same proportion as their material cost to the total cost.

Mr. UNDERWOOD. You heard the statement made by one of the gentlemen this morning that where we work one man here, in Japan they work one man with three or four helpers. What do you say to that statement?

Mr. BURGESS. I do not know, but I do not think that is correct. While I have not been to Japan to investigate, I have seen pictures of the potters at their work in Japan; and I have never seen anything to indicate that they make it in any very greatly different way from what we do, except in a much cruder way. In their old shops they have the kick wheel instead of the machine-driven throwing wheel.

Mr. UNDERWOOD. You do not claim then that your information in reference to the labor cost is accurate from your own information?

Mr. BURGESS. No; I said that that was from the best information I had; and I got that very directly, because my son was there, and he made some inquiries directly at the factory.

Mr. UNDERWOOD. It was stated this morning in reference to Japanese pottery that the Japanese only made small articles, and that it was impossible for them to make a large platter or dinner plate, as a rule. Do you agree with that proposition, or not?

Mr. BURGESS. In a general way, yes; otherwise, no. We have a sample here that will disprove that statement. I think that [indicating] is a pretty nice piece of "flat ware," as we call it; and it is known as the "new china of Japan."

Mr. UNDERWOOD. But that china has not, up to this time, entered into the market to any great extent, has it?

Mr. BURGESS. It is increasingly entering into this market. They have copied American shapes and styles for the wants of our people here.

Mr. UNDERWOOD. Do you know what a set of the Japanese china will cost, laid down in the American market, with the duty added?

Mr. BURGESS. No, sir; I do not.

Mr. UNDERWOOD. You are not able to compare the American cost with the Japanese cost as to that particular ware?

Mr. BURGESS. No.

Mr. UNDERWOOD. The statement was made this morning that on the lower grades of chinaware there was very little competition from abroad. Is that correct?

Mr. BURGESS. It is correct in a way; but it is very incorrect in another way, being very misleading. The German china of the cheapest grades is actually displacing our earthenware, on account of its cheapness. As I said in my brief, a woman will take a piece of china in preference to a piece of earthenware in nine cases out of ten, if the prices are not too far apart.

Mr. UNDERWOOD. Was that the case before the recent agreement was made by the Executive with Germany, authorizing a change in their valuations? Or has it occurred since that agreement was made?

Mr. BURGESS. Oh, no; it has been a steady increase since the

Wilson bill; in fact, for twenty-five years, as you see by the chart, there has been a steady growth, and very little offset at the time the Dingley bill went into effect. It did drop down a little; and then it has gone up steadily since.

Mr. UNDERWOOD. In the competition in the lower grades of china—that is, for the ordinary table use or hotel use—what percentage of the American consumption is filled by imported goods?

Mr. BURGESS. Both China and earthenware—all imported goods?

Mr. UNDERWOOD. Yes; of the lower grades.

Mr. BURGESS. Oh, I should say very nearly half now.

Mr. UNDERWOOD. Nearly half?

Mr. BURGESS. From a third to a half of the demand for the cheaper grades of goods in this country.

Mr. UNDERWOOD. The greater proportion of the importations are in the higher grade of fancy goods, are they not?

Mr. BURGESS. Yes; as far as value goes. The bulk, of course, is the cheaper grades.

Mr. UNDERWOOD. And in the case of the higher grades, or the fancy goods, the high-priced goods, the duty that is put on them does not regulate the importations to any great extent, anyhow, does it? If a man wants some imported china on his table he pays the price, regardless of the duty?

Mr. BURGESS. It is generally that way.

Mr. UNDERWOOD. So that the duty, when you consider the higher-grade china, is merely a question of revenue? It does not protect the market to any material extent, does it?

Mr. BURGESS. Yes; it protects it if we have enough to go up to that point and develop the business; we can see what can be made in this country. But this concern has had a very struggling existence for upward of twenty years. It has gotten on its feet by the merits of the goods. It sells to such concerns as Tiffany, of New York, and Gorham, and concerns of that kind, where they will buy a first-class article at almost any cost; but they can not go out and compete with the high-priced foreign goods.

Mr. UNDERWOOD. You heard the statement made this morning that there were a certain number of firms manufacturing china in this country that had an agreement about price?

Mr. BURGESS. I heard some vague statements to that effect; yes.

Mr. UNDERWOOD. What is the company that you represent?

Mr. BURGESS. I represent the whole United States Potters' Association.

Mr. UNDERWOOD. Have you an agreement as to the regulation of price, or the regulation of territory in which you shall sell?

Mr. BURGESS. We have an agreement relative to the regulation of price, and that is that the subject of selling prices is under no circumstances to come into the association. It is an association for the mutual good in every other way, and has been in existence for thirty years. That is debarred by the constitution.

Mr. UNDERWOOD. Do you know any agreement, or do you know of any agreement, among the large pottery manufacturers of this country, by which the price is regulated on standard articles?

Mr. BURGESS. There is none.

Mr. UNDERWOOD. There is none that you know of?

Mr. BURGESS. No, sir.

Mr. UNDERWOOD. That is all I want to ask.

Mr. CLARK. They had better broaden their constitution a little by construction, as they do the United States Constitution.

The CHAIRMAN. The trouble is, they have not any Supreme Court.

Mr. COCKRAN. Do I understand you to favor an increase in the tariff, or are you satisfied with the schedules at this time? I may have been out when you stated that, but I did not hear you speak on that point.

Mr. BURGESS. That has not come up yet, sir.

Mr. COCKRAN. What is your attitude with respect to that?

Mr. BURGESS. My colleague is going to present that feature of the matter.

Mr. COCKRAN. Oh, I see.

Mr. BURGESS. If you would just as soon wait until he gets here, he will go into that in considerable detail.

Mr. COCKRAN. Oh, certainly; certainly. Let me ask you one question: You testified a moment ago that this plate which you sold here in the open market at 10 cents—

Mr. BURGESS (interrupting). Is retailed at 10 cents.

Mr. COCKRAN. This plate which you say is retailed here at 10 cents is retailed in England at 13 cents?

Mr. BURGESS. Yes, sir.

Mr. COCKRAN. How can you account for a competition, then, between the English producer and the native producer, when the article sells for more over there than you are able to produce it for here?

Mr. BURGESS. Because I do not think that at the time I purchased that plate they had the amount of home competition that they have at the present time. Competition in England is pretty keen; and their prices are much lower than they were a few years ago.

Mr. COCKRAN. When did this transaction occur when you purchased a plate over there for 13 cents that you can produce here and sell at 10 cents? When was that?

Mr. BURGESS. That was, I suppose, ten years ago.

Mr. COCKRAN. At that time you were able to compete with them, according to that?

Mr. BURGESS. We were able to compete with them. We did compete with them.

Mr. COCKRAN. Successfully?

Mr. BURGESS. Yes.

Mr. COCKRAN. Has the cost of production diminished in England since then?

Mr. BURGESS. No; it has not.

Mr. COCKRAN. Why can you not compete with them now?

Mr. BURGESS. We can, under the conditions existing at present. We ask for nothing in the shape of an advance in duties against the English goods. As the chart will show, we based all our calculations in 1897 on the difference in cost of production then in England and in this country; and I think results have shown that it did not shut off the importation of goods at all, but held them about where they were at that time. But since that time we have met with another kind of competition. We have met with such goods as those coming from Holland, being invoiced, and paying a duty at 19½ cents a dozen as against the English article from which this was copied at 35 cents a dozen, and we want protection against that kind of competition.

Mr. COCKRAN. Has the English article gone out of existence altogether?

Mr. BURGESS. Practically, in this country.

Mr. COCKRAN. But everywhere? I should think it would.

Mr. BURGESS. Oh, no.

Mr. COCKRAN. How can you account for its continuing in existence under such a competition as that, seeing that there are absolutely free imports in England?

Mr. BURGESS. That was the question that I was not able to solve.

Mr. COCKRAN. It is one of the mysteries of the trade.

Mr. BURGESS. I went to England for the purpose of investigating this very subject. We were being crowded to the wall. Every manufacturer in this country found that he had great stocks of the cup and saucer, the staple article of our industry. We could not account for it. We found that these things were coming from Holland and from Germany in enormous quantities, and were being distributed all over the country. I was delegated by our association to make an investigation. I did so, with the assistance of the Treasury Department. I said to myself: "If those goods are actually being sold at the price at which they are invoiced, I will find them in England." I went to England. I went to Birmingham and to Liverpool and to London, and inquired in every place that I could for the Holland tea. I said: "If that cup is being sold at 20 cents"—they actually sell English tea a little cheaper over there than they sell it here for; they sell it at 32 cents, or what is equivalent to 32 cents—"then they will go across the channel and deliver these goods." I wound up my investigation in London by going to the agent of this house and asking if they sold these goods in England. He said no, they did not sell that article, because the English sold their goods so cheap that they could not compete; that they were selling other lines of goods, fancy goods of various kinds, but not the cup and saucer. I continued my investigation still further, and I found that those goods could not be produced, could not be sold, could not be bought over there for any such price.

Mr. CLARK. What do you mean by "over there?" Do you mean in England or in Holland?

Mr. BURGESS. In Holland. I went to Holland and Belgium and France to get a line on these very goods. I went in connection with the vice-consul-general from Paris. I had from the Treasury Department a sufficient warrant for the consul-general consenting to his vice-consul-general going with me. The story is a very long one, but it resulted in our getting quotations from this house in very large quantities, commencing with a thousand dozen of these white cups and saucers, five hundred dozen of these blue ones or these decorated ones, and that kind, and various articles, making an order of 22,000 francs, I think it was. I got the price from them, from their agent direct, at 35.7 cents a dozen, came back with the information and presented it to the Board of General Appraisers. They advanced the goods, as the appraiser himself had done, 10 per cent. The importing house was very indignant about it. They appealed to the Secretary of the Treasury and to the President, and it resulted in the New York Merchants' Association coming to Washington, coming before your committee and making various statements which, I think, constituted the first step toward the German tariff agreement, because the re-

quests that they made in Germany have been put in that German tariff agreement.

There was so much disturbance about it that the President agreed to have a new hearing on this case. They claimed that the information that I had brought was not official, so the secretary said that he would get official figures. He appointed a special agent, a special employee, to go over. We went over again; we got additional information, and came back, and it resulted in an advance of 19 per cent. That has been pending for some time; and all of these goods have been advanced 19 per cent up until this year. The matter was misrepresented, undoubtedly, to the minister of the Netherlands, to the effect that these goods were not sold in Holland among others; that as they were not sold in Holland, they therefore had no market value except the export value. That statement, I think, was passed on to the Secretary of State, who answered the minister to the Netherlands on May 16 as follows:

Referring to the commercial agreement signed this day between the Government of the Netherlands and the Government of the United States, I have the honor to inform you that instructions will be issued by the customs officers of the United States to the following effect:

Market value, as defined by section 19 of the customs administration act shall be construed to mean the export price whenever goods, wares, and merchandise are sold wholly for export, or sold in the home market only in limited quantities, by reason of which facts there can not be established a market value based upon the sale of such goods, wares, and merchandise in the usual wholesale quantities, packed ready for shipment to the United States.

These instructions shall take effect not later than July 1, 1907, and shall remain in force thereafter for the term of the aforesaid agreement. In pursuance thereof the export price of Maastricht pottery imported into the United States from the Netherlands under the conditions described in your note of March 23, 1907, shall be accepted by the customs officers of the United States as the true market value of the aforesaid articles of merchandise.

Mr. COCKRAN. I must confess myself a little bit mystified. Does all this mean that they are selling all these articles for less than their value? I mean, does that mean that the producers of these cups you spoke about are selling them at less than their value?

Mr. BURGESS. I do not know whether they are selling them, or giving them away, or what they are doing; but I do know that the invoice price of these goods is not the selling price of the same goods in Holland.

Mr. COCKRAN. In other words, they can not be produced at that price?

Mr. BURGESS. I do not think they can.

Mr. COCKRAN. So that the best thing to do, according to that, to break down that whole competition would be to order enough of them, and in that way you would "break" the producer after a while, would you not? [Laughter.]

Mr. BURGESS. The producer would produce only a limited quantity.

Mr. COCKRAN. Yes; but I mean the best way to force him to honesty and uprightness of conduct would be to order freely from him?

Mr. BURGESS. That was evidently tried, because he would produce a limited quantity, and then got another factory to produce some more, and before they got through they had four factories making these goods for them—two in Germany and two in Holland.

Mr. COCKRAN. I mean, you would not think it feasible, or at least advisable, on the part of the Government to regulate its tariff laws

with reference to the possible fraudulent enterprises of a few producers like that?

Mr. BURGESS. No, sir; we do not want that, but we want some protection against that possibility.

Mr. COCKRAN. Yes; I understand that perfectly. Now, let me ask you another question: In answer to the chairman you stated that the amount of the product in this country was 14,000,000 during the year just closed and about from 15,000,000 to 16,000,000 the prior year?

Mr. BURGESS. Yes, sir.

Mr. COCKRAN. How did you reach those figures, may I ask?

Mr. BURGESS. The last year's figures were from the government statistics on the production of pottery wares in this country.

Mr. COCKRAN. Yes.

Mr. BURGESS. And this year's were estimated. We have not the statistics yet, and we do not know; but knowing about the way the factories have been running, we would reckon that there would be about that much shrinkage.

Mr. COCKRAN. That has been rather a small shrinkage in comparison with other industries during this last year, has it not?

Mr. BURGESS. Yes; I think it has, in proportion.

Mr. COCKRAN. So that your industry has really been a prosperous one during the last year?

Mr. BURGESS. No; I can not say that.

Mr. COCKRAN. I mean, by comparison with others?

Mr. BURGESS. Oh, by comparison with some, as far as the demand for goods is concerned, the buyers were not buying so much of the imported stuff. The consequence was that they could get small quantities of the domestic goods more rapidly, and were not required to carry the stock, and therefore there was, in some directions, a fair demand. In others the demand was very poor indeed.

Mr. COCKRAN. Among the tables that you have submitted (I have not been able to keep track of them all), have you submitted one showing the growth of the native industry?

Mr. BURGESS. No, sir; I have merely given a statement of those two figures.

Mr. COCKRAN. Would it be possible to get that, do you think—to get a table somewhat analogous to that which you have submitted as to foreign importations, showing the growth of the native industry during the same period?

Mr. BURGESS. We have not any definite figures beyond about 1900.

Mr. COCKRAN. Could you get them?

Mr. BURGESS. Oh, yes.

Mr. COCKRAN. I should think that that would be a good thing, Mr. Chairman, would it not?

The CHAIRMAN. Yes—the census figures for 1900 to 1905?

Mr. COCKRAN. Yes.

The CHAIRMAN. I already have over at the Printing Office a statement from the Census Office showing the domestic production in 1905 of articles covered by the tariff schedules, and on the same page the importations for that year.

Mr. COCKRAN. Will it cover that?

The CHAIRMAN. It does not go back to 1900.

Mr. COCKRAN. No; but I think we may as well go back as far as possible.

The CHAIRMAN. As far as this is concerned; yes.

Mr. COCKRAN. Yes. In speaking about the rates of wages, and the comparison you instituted between the rates paid in Europe and here, did you take anything more than the money paid to each laborer and the number of hours of labor that were exacted from him in return? Did you consider anything else beyond that, may I ask?

Mr. BURGESS. I considered the general conditions surrounding them. That seemed to me to be about all that there was to be secured.

Mr. COCKRAN. Did it occur to you at all to consider the productive capacity of each laborer—for instance, what each laborer could do? Mr. Underwood referred a moment ago to testimony that was given here this morning, to the effect that it took three Japanese laborers, practically, to do the work of one American laborer.

Mr. BURGESS. Yes.

Mr. COCKRAN. Have you any figures on that point?

Mr. BURGESS. I have not any figures, and there are no figures that are obtainable, but I have made observations, and I know that the English workman is more skilled through his training than the American workman. He does not, perhaps, work as hard.

Mr. COCKRAN. That is it.

Mr. BURGESS. When it comes to France, the Frenchman does not work so hard. When it comes to Germany, they are at it at 6 o'clock in the morning, and they work as hard as beavers until 6 o'clock at night, or half past 6.

Mr. COCKRAN. But besides the ardor of the labor and the enthusiasm of it, a good deal depends upon the productive efficiency of each pair of hands. I think you will probably realize that it is a matter of general consent that a shoemaker in Lynn will produce vastly more than a shoemaker in Northampton, although both men are working with practically the same materials. Have your observations and inquiries covered that particular aspect of the wage question?

Mr. BURGESS. As I say, there are no figures obtainable on that and I can not express them in figures; but we do know the fact that we are greatly handicapped in this country by the want of thoroughly skilled men who are careful in the production of their wares.

Mr. LONGWORTH. Mr. Burgess, I do not know whether I heard your figures correctly or not. You spoke about a certain plate there, the English plate, selling for about \$6.50 with the duty paid.

Mr. BURGESS. Yes.

Mr. LONGWORTH. You said that of that about \$2.75 was labor?

Mr. BURGESS. Yes.

Mr. LONGWORTH. And you also said that about 45 per cent, on the average, of an English piece of pottery was labor?

Mr. BURGESS. Forty to 45 per cent.

Mr. LONGWORTH. Did you not make a mistake there? Two dollars and seventy-five cents would be a larger proportion than 45 per cent, leaving out the duty. It is 55 per cent on that, is it not?

Mr. BURGESS. Yes, yes.

Mr. LONGWORTH. So that it would not be so much as that, would it?

Mr. BURGESS. No.

Mr. COCKRAN. That reminds me of something I wish to ask you. Just hold up that plate, will you, that you said was sold in this market at the rate of \$6 a dozen?

Mr. BURGESS. A set—a dinner set [exhibiting plate].

Mr. COCKRAN. I understood you to say that of that the labor represented about 60 per cent?

Mr. BURGESS. Yes; fully 60 per cent.

Mr. COCKRAN. Surely the raw material of that plate does not cost 40 per cent, does it?

Mr. BURGESS. No; but there are other materials that do not enter in, in the shape of coal, and the sagger clay for making the cases that the ware is fired in, the molds for making the ware, and a great many other outside things that we class in the material cost.

Mr. COCKRAN. But as a matter of fact the raw material, if we may use such an expression, the actual things of which that plate is composed, exclusive of the labor, would not amount to 10 per cent, would it?

Mr. BURGESS. The actual cost of the material in this set would be—let me see, in the neighborhood of perhaps 70 cents.

Mr. COCKRAN. Seventy cents out of how much—out of \$6?

Mr. BURGESS. Yes. It is about in the neighborhood of 50 pounds, and the material, the body, costs about a cent and a third a pound, or something of that sort. Then the glaze materials would make up—

Mr. COCKRAN. Those glaze materials themselves are almost entirely products of labor, are they not?

Mr. BURGESS. There is one thing I did not think of. I was speaking of a white plate. There is the gold on this that has a material value, and would add considerably to that material cost.

Mr. COCKRAN. But I mean, take that plate, now: take all the elements of which it is composed, and each of these elements is almost entirely the product of labor, is it not?

Mr. BURGESS. Yes.

Mr. COCKRAN. When you speak of the labor cost, you mean the labor cost to you?

Mr. BURGESS. Yes—from our pay roll; that is what I said.

Mr. COCKRAN. But that other 40 per cent that you speak of as being the labor cost and as being the material cost is itself almost entirely a labor product?

Mr. BURGESS. Yes, sir. I have said that from 85 to 90 per cent of the total cost of this article has been expended in American labor.

Mr. COCKRAN. Yes, sir.

Mr. GRIGGS. Mr. Burgess, speaking of this glaze, in the earlier part of your statement you said that it was worth, in the ground, from 25 to 50 cents a ton.

Mr. BURGESS. Yes, sir.

Mr. GRIGGS. So that whatever part of a ton is required to make that plate is part of the original material, to begin with?

Mr. BURGESS. Yes.

Mr. GRIGGS. Then all the remainder of it is labor cost, is it not?

Mr. BURGESS. Yes; and the incidental profits that come through the material, mining and freights.

Mr. GRIGGS. I understand that; but outside of the profits that come to the operators and manufacturers, that is the entire original cost?

Mr. BURGESS. Yes.

Mr. GRIGGS. And all the remainder is labor cost?

Mr. BURGESS. Yes.

Mr. GRIGGS. Do you know of Japanese china dinner sets ever being imported to compete with American dinner sets?

Mr. BURGESS. No, sir; I do not think anything of that kind is in the market.

Mr. GRIGGS. Or do you know of German dinner sets being imported into this country?

Mr. BURGESS. Oh, yes; German dinner sets are imported in large quantities.

Mr. GRIGGS. I understand that; but never any Japanese dinner sets?

Mr. BURGESS. No.

Mr. GRIGGS. That is not a question worth considering, then?

Mr. BURGESS. It is a question that is worth considering for the future, because they are working in that direction at the present time; and when they can produce a plate of that size and that quality [exhibiting plate], there is not much danger of their being unable to produce a whole dinner set before a great while. A plate is one of the most difficult things to produce in china, on account of the twisting and warping.

Mr. GRIGGS. When you say that piece of ware there sells for \$6.75 a set, do you mean a dinner set?

Mr. BURGESS. Yes, sir.

Mr. GRIGGS. An entire dinner set?

Mr. BURGESS. A 100-piece set. That is the wholesale price. As I say, I am not accurate on that price.

Mr. GRIGGS. I understand; but you are about accurate?

Mr. BURGESS. Yes.

Mr. GRIGGS. You are around accuracy?

Mr. BURGESS. Yes.

Mr. CLARK. Mr. Burgess, while you were investigating over there in Europe, did you investigate anything about the difference in cost of living of the American laborer and the English laborer?

Mr. BURGESS. Yes, sir; I did.

Mr. CLARK. If an English laborer lived as well as one of our laborers, how would he come out, relatively?

Mr. BURGESS. I do not believe there would be enough difference to speak of.

Mr. CLARK. I never could understand myself how there could be. Now, another question: To be perfectly plain about it, your conclusion in your own mind that you have not stated here yet, and I do not know whether you want to state it or not—and if you do not, you need not to—is that one of the chief elements of the competition of these foreign producers of porcelain and similar wares with the American is this flat swindle about the invoices. Is not that really the whole thing?

Mr. BURGESS. Yes; that is one of the things. I had not intended to bring that matter up, but it was brought up by the importers to-day.

Mr. CLARK. I would have brought it up anyhow.

Mr. BURGESS. Yes, sir.

Mr. POW. Do you mean by "that swindle" undervaluation?

Mr. BURGESS. Yes. I did not call it that, but I refer to the undervaluation. I want to say this to this committee: That as I have said repeatedly, and I want to say emphatically, I consider the great

bulk of the importers of this country as honest men as any in the china business. But I do say, and say that most emphatically, that there are men who are bringing goods into this country, as far as the law of the country goes, illegally. The law distinctly says that the duty shall be paid on the foreign market value—the price at which the goods are freely offered for sale in the country of production. The matter of Haviland china has been spoken of pretty emphatically. Those goods can not be bought by anybody in Europe or America. They are all brought to this country by themselves. They have changed their firm a little bit, so that it is not identically of the same make-up as regards Haviland & Co. at Limoges, Haviland & Co., of New York, and Haviland & Co., of Paris. Haviland & Co., of Limoges, say that they have only two customers, or did say so when this case came up—one in Paris by the name of Haviland & Co., and one in New York by the name of Haviland & Co.

I have here a plate from a 100-piece set, invoicing and paying duty on the basis of the equivalent of \$5.77—a 100-piece china dinner set of Haviland & Co.'s make. That set pays a duty on 29.91 francs, at 19½ cents a franc. It is sold in this country in an open way at 52 francs to the set, at 39 cents to the franc. It is sold in dinner sets complete, net, at \$18. The other has an extreme rebate, as high as 15 per cent, but this set that is brought into this country at \$5.77 is being sold at \$18 net. When you—

Mr. CLARK. Where is it being sold at that?

Mr. BURGESS. To all the trade; to anybody.

Mr. CLARK. Here in the United States?

Mr. BURGESS. Yes, sir. I am talking of the United States entirely.

Mr. LONGWORTH. At the wholesale price?

Mr. BURGESS. At the wholesale price, and the list wholesale price.

Mr. LONGWORTH. At \$5.

Mr. BURGESS. At \$5.77. And the same set is being sold here in this city at \$36 in a retail way.

Mr. CLARK. Somebody gets an astonishing rake off.

Mr. BURGESS. We think so.

Mr. CLARK. Now, let me ask you just another question following that up. If this undervaluation of invoices could be broken up (and it ought to be as a matter of ordinary dishonesty), then the pottery men in the United States could stand a reduction of the tariff?

Mr. BURGESS. No; we could not stand any reduction.

Mr. CLARK. Why could you not, if you are getting gouged now by the undervaluation scheme?

Mr. BURGESS. Well, we are getting gouged by those who are increasing their importations. We are not getting gouged by the Englishmen, whose importations are being held at about a level by the present rate.

Mr. CLARK. One question more and I will let you go. Have you any particular suggestion now to make to this committee as to breaking up that undervaluation business?

Mr. BURGESS. Yes, sir. We have, I think, a very practical one.

Mr. CLARK. Let me have it.

Mr. BURGESS. With your permission I will leave that to my colleague, who can put it in much better shape than I can.

Mr. CLARK. All right.

Mr. BURGESS. But, in connection with this undervaluation, I do not want to be misunderstood. The gentlemen preceding me have rather reflected on my being so energetic about the "will-of-the-wisp." This very Broadfeldt case that we were speaking about—the Holland case—was taken before the Board of General Appraisers. A single general appraiser acting on this agreement passed the goods at the entered value, without the 19 per cent advance. The Government carried it to the full board. On Wednesday last that hearing commenced. The basis of it was that none of these goods are being sold in Holland, and therefore they have no market value, except the export value. There was an article on the invoice known as the "Oat-meal"—a little saucer. We know what it is here. They do not know what it is in Holland. That was invoiced at 27 cents—27 Dutch cents.

Mr. CLARK. A dozen?

Mr. BURGESS. A dozen. Twenty-seven Dutch cents a dozen. That is 41 cents of our money. The examiner got hold of one of their home price lists, and found a picture of an article that looked very much like it, so he requested the Treasury Department to get one of these samples, among others. He got the sample, which was named a "salad" over there, and when it came it was the identical article, with the same number stamped in the bottom of the piece. The Holland price was 78 Dutch cents. The American invoice price was 27 Dutch cents. They claimed from this catalogue that they were entitled, through many ways, to a discount of 33½ per cent.

Mr. CLARK. The law works a forfeiture of all that invoice. What is the reason the law is not being enforced?

Mr. BURGESS. The law is being enforced; and the reason it has not been enforced has not been the incompetence of the people nor the dishonesty of the officials, but their lack of knowledge.

Mr. CLARK. It was the dishonesty of somebody, somewhere.

Mr. BURGESS. Yes, sir—whatever that may be. I do not name it. Another article that came at the same time, as they admitted there—and we make no contention on this point, because a single appraiser advanced it 50 per cent; we are not going to fight that; we are going to accept it—was this very "tea." The invoice price called for 53 Dutch cents. The home market price was about 83 Dutch cents, when you take the discount off; but we also got another export catalogue, their export catalogue to India, and on page 13 they give the net price of that for export to India at 84 Dutch cents, and they bring it in here at 53 Dutch cents.

We could go through a whole list of them, embracing the same sort of stuff; but I want it distinctly understood by this committee that we have not been following a "will-o'-the-wisp." We know what we are after, and we have got it, and we have a whole lot more coming along.

Mr. CLARK. Did you ever lay this matter before the district attorney of New York?

Mr. BURGESS. No, sir; but it has been before the Secretary of the Treasury and the Board of Appraisers, and it is now in the judge's hands. Mr. Kinney, in making his statement about Judge Waite's decision, neglected to carry it on and say that the case was appealed to the board of three, and that they gave a decision of 26½ per cent advance; and only last Monday they made a similar decision on a lot more of Haviland & Co.'s goods.

Mr. BOUTELL. Have you any information in reference to American capital invested in manufactories abroad, in crockery?

Mr. BURGESS. There is none.

Mr. BOUTELL. There are no Americans manufacturing chinaware abroad and bringing it in?

Mr. BURGESS. No. I have heard of a contemplation of doing that, or of going to some place where we can produce china in a cheaper way than in this country, and not let them have it all.

Mr. GAINES. I have been told that Macey & Co. have a factory in Germany. Is that correct or not?

Mr. BURGESS. They have a factory in Carlsbad. Well, it is more of a decorating shop. They buy the white china in various places. They run it under the name of Siegel & Co., and they do decorating there, and bring the stuff to this country.

Mr. GAINES. Then that is American capital invested?

Mr. BURGESS. Well, yes. There are others. I do not know whether it is foreign capital represented here, or the American capital represented there. There are several others. There is the firm of Aaronfeldt & Co. They have a factory in Austria, and one in Limoges. Then there is Bawo & Dotter. They also have a factory in both places. I had not thought about those. I do not know whether they are German concerns entirely, but they have their business there.

Mr. CLARK. I want to ask you one more question that affects a certain branch of this subject. When you stated that the proportion of the cost of material was against the Englishman as compared with us about as much as the cost of labor was against us in comparison with the Englishman, did you simply mean the clay that went into this pottery ware, or all of the various items of material that go into making it—glass, coal, and all that stuff?

Mr. BURGESS. Taking an article or a bulk of articles at 100 per cent, the material cost of every description, in round numbers, is 40 per cent, and labor 60 per cent. In England it is in the neighborhood of 60 per cent material cost and 40 per cent labor. That is, in round figures.

Mr. CLARK. That is all.

The CHAIRMAN. We will now hear Mr. W. E. Wells.

STATEMENT OF MR. W. E. WELLS, OF NEWELL, W. VA.

The CHAIRMAN. Mr. Wells, you are president of the American Potters' Association?

Mr. WELLS. I have been, Mr. Chairman, but I am not at present.

The CHAIRMAN. And you are manufacturing in West Virginia?

Mr. WELLS. Yes, sir.

The CHAIRMAN. Proceed, Mr. Wells.

Mr. WELLS. Mr. Chairman, in the beginning I should like to bring out a few statistics which I think will fairly illustrate the real situation. These statistics will not be so lengthy or complete as those given by Mr. Burgess, but they will show the actual progress and increase of importations, the progress of American production, and the comparison between the two, briefly.

Now, I have shown here first that the importations of crockery from England in 1885 were \$3,048,000. That is the dutiable value,

or foreign value. The importations from England in 1907 were \$3,148,000—increasing very slightly in twenty-three years. From Germany and Austria the increase was from \$992,000 in 1885 to \$6,098,000 in 1907. From Japan the increase was from \$76,000 in 1885 to \$1,976,000 in 1907. Now that, expressed in percentage, means that the increase from England was 3 per cent in twenty-three years; from Germany and Austria, 515 per cent; from Japan, 2,500 per cent, and from all countries the increase was 183 per cent in that time.

Now, all the figures that have been given to-day as to the volume of imported pottery have been expressed in the dutiable or foreign market value prices. That is not a fair comparison with American production. The real comparison between the business done on imported crockery and domestic crockery is expressed in the comparison of the prices that the retailer pays the importer for his foreign goods and the prices the retailer pays the domestic manufacturer for his goods. Is not that right? Now, to get at that you must take the statistics of foreign value on importations and add to that whatever you think to be proper, to represent what the duty added, plus freight, and plus the importer's profit, may amount to. I have made a comparison here by estimating that the price the retailers of this country pay the importer are double the dutiable value of the goods as reported for assessment at our ports. If the foreign value was represented by 100 per cent and the duty is 60 per cent, that is 160 per cent. The freight may be estimated variously at from 5 to 15 per cent, according to the grade of goods—say 170 per cent on the foreign dutiable value by the time it reaches the importer. Then he must add to that his cost of selling plus his profit; and we are very well within the limit when we say that the retailer pays the importer double the dutiable value on the average. Now, I want to make this comparison upon that basis by estimating the business done on imported goods at twice the dutiable value as compared with the actual amount of money the American manufacturer gets from the retailer.

We will take the years 1901 and 1907. For the year 1901 all the American production, as shown by government statistics under the Geological Survey, was \$13,452,000. For 1907 the American production was \$15,844,000—an actual increase of 18 per cent. The imports from Germany and Austria on American market value were \$8,028,000 in 1901. They were \$12,146,000 in 1907. So that the receipts of German and Austrian china increased 52 per cent in those six years, while the sales of domestic ware increased 18 per cent; or, in actual figures, the sales of the German and Austrian china increased \$4,168,000, while the total American production increased only \$2,392,000. In other words, Germany and Austria alone, on the china that is sold in this country, gained immensely more than the entire American pottery business put together.

Now, Japan alone gained more than the increase in the American production. The value of the Japanese imports, as based upon the American market value in 1901, were \$919,000; and six years later the value was \$3,952,000—an increase in six years of 330 per cent. I think that is one of the most illuminating items in the entire bunch of statistics.

It is hardly proper that I should stop to discuss the statement that was made this morning by Mr. Kinney, and I believe by Mr. Jones, that the Japanese pottery does not constitute actual competition. The Japanese pottery consists largely of plates, cups and saucers,

little pitchers and sugar bowls, and other items of that kind that constitute absolutely our staple; and certainly the woman who goes into a store and buys Japanese pitchers, saucers, and plates is going to use them for the purpose that the plates and cups and saucers are designed for, is she not? She is not going to put them solely in a china closet and buy \$3,952,000 worth of them in this country, plus the retailer's profit, which I think was pretty nearly rightly expressed this morning at 100 per cent.

Now, in these six years the business done in English ware in this country has sustained a slight loss—the difference between \$6,374,000 and \$6,297,000. France has gained 21 per cent. All foreign countries in those six years have gained 46 per cent, against the American gain of 18 per cent. As stated before, that comparison is based on what the American retailer pays for his goods, which I maintain is the only true comparison, and it certainly indicates that right under the present conditions we are operating against something exceedingly adverse.

When the Dingley tariff bill was passed, and when all other tariff bills have been passed since 1870, when the American pottery industry first began to be developed, England, who sends to this country almost entirely what we call "earthenware," was the only competitor that was seriously considered in the calculation of those rates in the Dingley bill. Now there are two distinct classes of common or ordinary table pottery. One is known generally by the name of "china." That is the translucent kind, that shows your finger marks through in that way [indicating]. It has what is called a "vitreous" body, and "vitreous" means that it is glassy. It means that the body will not absorb water when it is broken. That is china. The other class of goods is known as "earthenware" generally. There are many technical names, but the one general classification of "earthenware" is applied to these opaque goods that when broken show a fracture that is more or less absorbent. Every dealer and every manufacturer in the whole world recognizes those two essential differences, and although, as I said before, there are many classes of goods made bearing different names, there are just those two general classifications.

The goods that come from England to this country are almost wholly earthenware. The goods that come from Japan, China, and Austria are almost wholly china. In other words, china is made in those countries, as shown by Mr. Burgess's statistics, where labor is the lowest; and earthenware is made by our foreign competitor where labor is the highest of all foreign countries. Now, the duties that were established in the Dingley bill, which were sufficient to protect our American workmen against these higher-priced workmen who make this earthenware in England and send it here, were not sufficient to protect us against the lower-priced labor in those countries where they make this china; and since that period the truth of what I say has been demonstrated in this one fact, that the importations of this earthenware from England have not increased. They can not, materially, because we are practically on their basis. But the importations from China, from all countries that make this cheap china, have increased at an enormous rate. In six years it is shown that the increase from Germany is 52 per cent and from Japan 330 per cent

(and those are the countries that we fear), against a total American increase of only 18 per cent.

Now, coming down to just one other point I wanted to make, Mr. Burgess referred to a report by an English manufacturer, John S. Goddard, that the average wages paid in his pottery plant for a certain period, including men, women, and children, were the equivalent in American money of \$4.90 per head per week. In comparison with that I have the figures from the pay roll of November 7, this month, in the pottery with which I am connected. We paid on November 7 \$21,119 in wages for two weeks' labor. There were 794 people employed by accurate count, and the wages they received figure almost exactly \$13.30 per week, for men, women, girls, and boys, from 16 to 20 years of age. Of that 794, 288 were women, or females, I should say, because some were younger girls about 16 years of age. They received per week \$8.65. The men, of whom there were 506, received \$15.90 per week; and that \$15.90 included all the males, all the men, skilled and unskilled. There were 506 of them, at \$15.90, against the women at \$8.65.

But the pertinent point there is that these average wages paid in the American pottery for product are \$13.30 a week against the English wages of \$4.90. Mr. Burgess, in his calculation, based upon sundry tables that I think are fairly accurate, arrived at the conclusion that the average labor was 111 per cent higher in America than in England. Based on this calculation the actual labor is 171 per cent higher. Of course these are individual cases. He covered the whole field.

Mr. CLARK. It is a good deal more than that, if those figures are accurate—\$13 a week for Americans and \$4 a week for the other fellows—

Mr. WELLS. You deduct \$4.90 from \$13.30, getting the difference?

Mr. CLARK. Yes.

Mr. WELLS. And that difference is 171 per cent off \$4.90, I believe. Is not that the way you ought to count that?

The CHAIRMAN. You go on and present your figures with reference to that and have it printed. We will see if the figures are correct or not.

Mr. WELLS. Yes; they will be printed. Now, Mr. Chairman, the proposition to assess the duty upon the American wholesale market value has been pretty largely discussed to-day. I believe that before it can be determined whether that is practicable or not it will take long and careful investigation; I do not profess to say, yet I can not see why a commodity that has an established foreign-market value, upon which we are now assessing a duty, does not, to the same extent, have an established American market value. There must be some market value. The goods must be sold for something. Whether that can be done or not I am prepared to say, representing the United States Potters' Association, that if the duties can be assessed in that way and by careful calculation the equivalent of the present duties called for in the Dingley bill can be expressed on American wholesale values, which I should say would be about one-half of the present duties, we, as American potters, will ask nothing more.

Now, we express our opinion that we could manage to worry along in every dollar of the duty that the law contemplates we should have

were assessed. I hope I am understood in that, that if you will figure whatever the equivalent of the American value is to the present duties on foreign value, then I know we can collect every dollar of it, and the American potter will ask nothing more, regardless of the fact that the business on foreign wares is increasing by leaps and bounds—foreign china, especially, I mean—while the American business is almost at a standstill. But if that proposition is not practicable, if it can not be changed in that way, then we are obliged to urge strongly that relief be given to us in some other form, especially against the importations, wonderfully increasing, of china. We do not ask any added protection whatever against the receipts of English earthenware, because, as shown by the statistics, they have not rapidly increased.

Mr. Pou. Do you mean by that that you want an increased duty on imported china?

Mr. Wells. On imported china. Now, our suggestion in reference to English earthenware is this: That the duty shall remain the same as under the present schedule, if it is not changed to American value, and that a safeguard be introduced in that bill against the possibility of undervaluation or of the dumping in the market of such goods as this [exhibiting a cup]—Holland tea—by adding to that clause the provision that a specific duty of $1\frac{3}{4}$ cents per pound, avoirdupois, including the weight of the package and packing material, be established, to be collected only when the ad valorem duty shall figure below the equivalent of that $1\frac{3}{4}$ cents per pound. And on decorated earthenware—that is, similar to this [exhibiting a cup]—that a specific duty of $2\frac{1}{4}$ cents be established, to be assessed only when the ad valorem duty figures below the equivalent of that specific duty.

Now, $2\frac{1}{4}$ cents per pound avoirdupois on English decorated earthenware, and $1\frac{3}{4}$ cents per pound on white English earthenware figure considerably less than the duties collected to-day under the 55 per cent ad valorem and the 60 per cent ad valorem, and we ask for that provision only as a safeguard, as I said before, to protect us against instances like that [exhibiting cup and saucer]. It was shown that this teacup and the saucer with it were brought into our markets, or the attempt was made to bring them in, at a valuation of 19 or 20 cents, against an English equivalent worth 32 cents and an American cup and saucer of just the same kind which cost 52 cents a dozen.

Now, if you take that 19 or 20 cents and add 55 per cent as it is to-day, you will bring the cost of this to a little over 30 cents. What possible ghost of a chance has the American potter if this can be brought here, duty added, for about 30 cents, when his equivalent costs him 52 cents; and yet with the English tea valued at about 32 cents, duty added, we can compete all around.

Now, in reference to the suggestion concerning the importation of cheap china. At the present time there are only five pottery firms in the United States making china tableware as their principal product. Two of these are at Trenton, two are at Syracuse, N. Y., and one is at Brooklyn, N. Y., and to a large extent their product is confined to heavy hotel tableware. They have a little better chance in making heavy hotel ware, because the materials constitute a little larger percentage of the total cost as compared with labor. Now, of this china of all kinds made in this country there was in 1901 approximately \$1,631,000. Six years later the American production of china—that

is, this vitreous, translucent kind—had increased only to \$1,930,000, or about \$300,000. In the same length of time the increase in shipments to this country of foreign china was about six millions.

Mr. COCKRAN. What period are you speaking of now?

Mr. WELLS. From 1901 to 1907. The American production of this china, this vitreous ware, increased \$300,000, and in the same period our receipts from abroad increased about \$6,000,000. There are still a few American potteries that are making thin china tableware in a tentative way. They make it very good. I have some samples here that show the excellent quality of American china that is being made. I do not know whether that would be of interest to you or not, but those [indicating] are instances of American pottery—china—and I think go a good way to refute the claim that high-grade china can not be made in this country. But there is not one of those potteries to-day that maintains it can successfully market that class of goods and pay the American labor cost against the prices at which German and Japanese china are sold in this country.

Now, in my recollection, there have been seven pottery plants built in this country that were specially designed and equipped for the purpose of making that kind of china. Every one of those seven potteries succeeded in making a first-class china, but after they ran a little bit they found that it was wholly impossible to market their product against the prices of the German product, and every one of those seven plants is to-day out of business. The plants are either standing idle or being devoted to the manufacture of some other class of goods.

I have one letter here that I would like to read. I have three or four similar ones that I will file with this brief, but I should like to read this one. This is from the Sebring Pottery Company, of Sebring, Ohio:

In 1903 we designed, built, and equipped a pottery plant at an investment of a little over \$200,000, for the special purpose of manufacturing vitreous china tableware similar to that imported in quantities from Germany and Austria. As you know, we succeeded in making a first-class product, which in style and quality was accepted everywhere as being on a par with the most popular imported lines.

It developed that the cost of manufacture largely exceeded our estimates and that we could not afford to market the line in competition with the German and Austrian china. The same class of goods was being sold freely by the importers at from 10 per cent to 25 per cent below our actual cost of production.

The factory was equipped in such a way as to give us the advantage of every known economy, and we resorted to every possible method to cheapen the cost; but after operating the plant for eighteen months we were compelled to abandon the effort, and found that during that period a loss had been sustained of upward of \$30,000, counting nothing for depreciation of plant, interest on investment, nor our own time.

The experiment was convincing that at the prevailing cost of American labor it is not possible to produce china here in competition with the foreign product. Since china was discontinued we have used the plant in making common opaque earthenware.

I have letters in this brief, showing the same experience, from three or four other plants.

Mr. POE. Is this some of the china that was made by that company that was out of business?

Mr. WELLS. No, sir; that piece is made by the Pope-Gosser China Company, of Coshocton; and there is quite an interesting letter here from Mr. Gosser, in connection with it.

Mr. GRIGGS. Where did you say it was made?

Mr. WELLS. Coshocton, Ohio, by the Pope-Gosser China Company. I want to read just one clause from Mr. Gosser's letter in reference to that. He says:

We are therefore confronted with the discouraging fact that so long as we are obliged to meet foreign cheap labor with high-priced American labor, we can do little more than please our vanity in producing a limited quantity of choice china, and continue our effort on earthenware to sustain our investment.

They manufacture that as a side line, their principal line being earthenware; but Mr. Gosser, as he says, pleases his vanity by making something good, and deriving the advertisement and the credit attached to that work.

Now, I want to bring out this other point: That the low price at which this vitreous china is being sold in this country not only prevents the American manufacturer from making vitreous china, but those prices crowd down the price or the possibilities of the market on the higher grades of earthenware. The women who buy crockery know perfectly well that china is the better commodity, and at anything like the same price they will buy china. The prices of certain lines of German china are actually down lower than our prices on the better grades of decorated earthenware, and as those prices keep down we are pressed backward as well as the Englishman, and the English business of this country has to depend upon the market for the cheaper grades of goods.

There has been considerable reference to the use of labor-saving machinery in making pottery. I know of no other industry in which so small a percentage of the actual work of producing goods is done by machinery as in pottery. The pottery itself is very fragile, and it is necessary, we find, that the ware actually remain in the hands of the workmen from beginning to end, passing from one workman to another. Excepting just such time as the ware is fired in the kiln it is practically hand work from beginning to end, and, of course, while labor cost varies so largely between America and European countries, the actual cost does not differ to the same extent.

The point can be made that a machine can be run in America just about as cheaply as it can be abroad, but a man can not be run nearly so cheaply. The protection we actually need in this country is against the foreign labor, and when we have machinery to do our work we do not need nearly so much protection.

Now, if we are to be permitted to make china in this country, and the duty is set as it is to-day on the foreign value, it is apparently necessary that we be given some other form of protection or some additional protection, and in that connection I want to recommend that in addition to the present ad valorem duty of 55 per cent on white china a specific duty be added of 1 cent per pound avoirdupois, including the weight of the package and packing material, and I desire also to recommend that on decorated china an additional duty of 2 cents a pound avoirdupois be added.

The argument in favor of adding a specific duty on china is that the cost of making that china differs very largely in different countries. The cost is not the same in England that it is in Germany, and it is not the same in Germany that it is in Japan. The selling prices there are not the same for articles of the same intrinsic value. Now, if we assess an ad valorem duty, the amount of that duty depends upon the cost in the country of production and does not depend upon

the intrinsic value of the article. For example, a cup and saucer of a certain intrinsic value may pay 50 cents duty if coming from England, 40 cents from Germany, and only 25 cents if it comes from Japan. If the duty were made specific, or so much per pound avoirdupois, it is exactly the same from whatever country that article may come.

Now, I may say that the only argument that can be advanced against this change is that it might slightly increase the price to the consumer of a certain line of china, but there is an especial reason why that should not be considered as applied to pottery, in view of the fact that the present price of every kind of earthenware and china in common usage is lower than it was ten years ago on the average, either as low or lower than it was under the Wilson-Gorman tariff act.

The CHAIRMAN. Do you speak of to-day or a year ago?

Mr. WELLS. The prices to-day I do not believe are materially different from what they were a year ago and what the prices of all classes of china have been for the last three years.

The CHAIRMAN. We know that. I wanted to know whether you spoke of the price to-day or a year ago.

Mr. WELLS. There have been no material changes in the prices within a year, at least on American crockery. The universal advance that has occurred in other commodities has taken up the price of potters' wages, the potters have been obliged to meet a wage increase that has been fairly general all over the country, and not only do the potters pay more wages, but the cost of material and the expense of traveling and the marketing cost have all gone upward, so that the average cost is more than it was in 1907, and the selling prices are lower.

This explains why the pottery industry in this country has not prospered in the last ten years. A considerable number of firms have abandoned the business and converted their factories to other purposes. There has been a series of disastrous failures in our business. Two of those failures occurred during the last summer and one of those was one of the largest concerns and one that had been long prominent and recognized as a leader in this industry. It is a fact known also to pretty nearly everybody in the pottery business that there are a good many other American firms just now hanging by the eyelids financially, and I am satisfied from a pretty intimate knowledge of conditions that unless there is relief of some form afforded shortly there will be a great decrease in the production of pottery in this country.

The points to which I have only referred in a cursory way are further covered in this brief, that I would like to complete by the addition of certain other tables and file with the committee, to be printed with your hearings.

Mr. UNDERWOOD. You heard the question asked Mr. Burgess about a plate he had on the table?

Mr. WELLS. This one [exhibiting plate]?

Mr. UNDERWOOD. Yes, sir. Will you describe that to the stenographer so the record will show what we are talking about?

Mr. WELLS. This is a white earthenware 5-inch plate, made by the Homer China Company, decorated with gold, stamped border, and gold edge, known as pattern H 94, and so marked.

Mr. UNDERWOOD. Is that the class of earthenware that is manufactured for ordinary consumption?

Mr. WELLS. It is very largely made by the American potters and is the class very largely brought into this country from England.

Mr. UNDERWOOD. What is the cost of a set of that pottery at the factory?

Mr. WELLS. The cost of a 100-piece dinner set of that particular pattern is \$4.50 in this country, as near as it can be calculated.

Mr. GRIGGS. At the factory?

Mr. WELLS. Yes, sir.

Mr. UNDERWOOD. What is the cost of that china with the duty paid at the port of entry?

Mr. WELLS. Of course, you understand that no identical thing is imported?

Mr. UNDERWOOD. I understand. I am trying to find out the class of goods that comes into competition with that particular class, the same class of goods.

Mr. WELLS. To my best belief, the price there would be, I should say, \$5.50.

Mr. UNDERWOOD. That is, the imported ware would cost \$1 more than the homemade ware at the factory?

Mr. WELLS. That is, in this particular line of goods. I rather think that is true.

Mr. UNDERWOOD. Of the \$4.50 cost of the homemade article, how much is labor at the pottery? I do not mean labor for the raw material.

Mr. WELLS. The labor cost would be very close to \$2.70.

Mr. UNDERWOOD. As to the imported article, what do you figure the labor cost?

Mr. WELLS. I should estimate the labor cost at \$1.25.

Mr. LONGWORTH. Is that including the duty?

Mr. WELLS. No, sir; that is simply the cost in the English factory, and it is rather a crude estimate.

Mr. LONGWORTH. I thought Mr. Burgess included the duty; that is the reason I asked the question.

Mr. UNDERWOOD. What is the cost of this article laid down in New York?

Mr. WELLS. I gave you that—\$5.50.

Mr. UNDERWOOD. The labor cost on the imported article, you say, would be \$1.25?

Mr. WELLS. To the best of my knowledge.

Mr. UNDERWOOD. That would make a difference of \$1.45. How much of the cost of the imported article—\$5.50—is duty?

Mr. WELLS. It is difficult to get at that exactly. You would have to divide it by 160.

Mr. UNDERWOOD. Divide it by 160? In other words, the duty on that amounts to something like \$2.25?

Mr. WELLS. The duty would not be that much. It would be more nearly \$1.90. I should say \$1.80 to \$1.90. It might be even less than that.

Mr. UNDERWOOD. The duty on the set at \$6, Mr. Burgess stated, would be \$2.40. If you can estimate that, I would be glad if you would calculate it for me.

Mr. WELLS. It is a little difficult for me, not being an importer and not familiar with all of the elements of cost that enter into the calculation on a dinner set. I can tell you the figures accurately in regard to the American ware, but I can not tell you all the subdivisions of cost in regard to the English ware.

The CHAIRMAN. You can put that in at the end of your hearing.

Mr. UNDERWOOD. It would amount to something over \$2, would it not?

Mr. WELLS. No; it could not very well. If the price laid down in New York were \$5.50, the duty would be very little, if anything, over one-third of that \$5.50.

Mr. CLARK. Sixty per cent of the invoice price is the duty?

Mr. WELLS. Yes, sir.

Mr. CLARK. What is the invoice price?

Mr. WELLS. You would have to figure backwards to get at that. I will do it if you just give me time. It would figure, foreign value \$3.40 and duty \$2.10.

Mr. UNDERWOOD. That is just what I wanted to ask. If the duty amounts to \$2.10 and the difference in price of the labor as figured by you amounts to \$1.45, then there is a difference of 65 cents on that article that does not protect labor.

Mr. WELLS. You are speaking, of course, of labor inside the factory?

Mr. UNDERWOOD. In the factory. Of course the raw material is protected by another duty, and the testimony was in that line, that the cost of the material at the factory was greater in England than it was here, the percentage.

Mr. WELLS. The percentage is greater, but the actual cost is not. We use English materials in our pottery, in making our ware, and we pay a duty on those materials; that is, we use clays that are mined in England, shipped to this country, and the duty is paid. We pay that duty, so it should be figured in.

Mr. UNDERWOOD. Then, there is an excess of 65 per cent in the duty, according to your statement, over the cost of the labor that goes into the article. That is correct?

Mr. WELLS. As I say, I will not guarantee the figures that I am giving you on the cost of that English dinner set, either the selling price at the pottery or the price the importer pays for it or the duty that is levied on it exactly, because it is by no means a standard article, and it is quite impossible for one not having the invoice before him and the actual bills to say precisely what those figures are, and any statement that I may make here at random or quickly is likely to be very misleading. I am satisfied that I can arrive at that kind of a calculation.

Mr. GRIGGS. You use largely American clays?

Mr. WELLS. A piece of pottery like that [exhibiting] is composed of three leading ingredients. I can not answer your question without stating that. China clay is one, feldspar is another, and flint is the third. Flint is very similar to white glass sand or much like sea sand. We get all the flint and all the feldspar from this country, some of the feldspar coming from Canada. Perhaps two-thirds of all the china clays come from abroad and one-third of the china clays, I should say, are mined in this country.

MR. CLARK. There is an apparent discrepancy between your figures and Mr. Burgess's figures. How much do the Japanese imports amount to?

MR. WELLS. For the year 1907, \$1,976,000.

MR. CLARK. I thought you said \$3,000,000?

MR. WELLS. You remember, I stated in the beginning that I was giving—

MR. CLARK (interrupting). You were giving it on the double plan?

MR. WELLS. Yes, sir.

MR. CLARK. The chart of Mr. Burgess puzzles me. English importations of porcelains seem to hold level in 1907 and 1908. The German importations increased considerably. The Austrian imports increased a little. The Japanese imports have been going up like a skyrocket for about five years until 1907 and then they took a sudden tumble in 1908. How do you explain that?

MR. WELLS. The explanation that I could give you would be a matter of personal opinion as to the course of the market.

MR. CLARK. Certainly.

MR. WELLS. You will notice that the Japanese wares have been increasing with great rapidity.

MR. CLARK. Yes; for about five years prior to 1907 and including that year they did go up fast.

MR. WELLS. I think just at that time the importers became over-enthusiastic about the business they could do in Japanese wares. They overloaded themselves. They did not sell nearly as much as they thought they would and by the next year they did not have to buy Japanese ware, but sold the goods that they had gotten the year before.

MR. CLARK. Then you think that it is just a temporary tumble?

MR. WELLS. That is my opinion. I see no reason why that should not be the case.

MR. CLARK. You say that these duties should be levied on the price that the wholesalers sell to the jobbers?

MR. WELLS. I am not advocating that.

MR. CLARK. I thought you and Mr. Burgess were fighting in pairs, to use a common expression.

MR. WELLS. No; I do not think that Mr. Burgess directly advocated that. It was suggested as a plan that would guarantee the collection of the full amount of duty contemplated by the law.

MR. CLARK. Do you not think that a few criminal prosecutions would do a good deal toward straightening out the undervaluation fellows; that if a few were clapped into the penitentiary the others would take warning?

MR. WELLS. I do not know. Mr. Burgess has been representing the United States Potters' Association for some five years for the sole purpose of investigating the foreign values—not the sole purpose, but that has been one of his chief duties—with the result that there have been a good many test cases and a good many increases in valuation.

MR. CLARK. I am asking you if severe punishment would not break that up just like any other crime?

MR. WELLS. The difficulty is that china is made in so many different styles and shapes and decorations and comes from so many different countries that no man is competent to pass accurately upon the value of all the china that enters into this country. It does not make any

difference how intelligent or how expert he may be, no examiner or no inspector can accurately determine the values.

Mr. CLARK. Would it not pay the American manufacturers if they would employ an expert of their own to cooperate with the appraisers?

Mr. WELLS. That is exactly what we have been doing for five years.

Mr. CLARK. You have done that?

Mr. WELLS. Yes, sir.

Mr. CLARK. And you have not been able to break it up?

Mr. WELLS. There have been a good many increases in values.

Mr. POU. Has anybody been prosecuted criminally for violation of the law?

Mr. WELLS. There are many ways that prices declared at the ports can be explained. I do not believe that anybody has been accused of criminal practice.

Mr. CLARK. Are you men afraid to talk like I do about this business and call it by its true name and proceed against those fellows criminally? Is there any stick that they have hanging over your heads?

Mr. WELLS. They have no stick hanging over our heads, but the whole process of arriving at foreign values is so complicated and it is so impossible under the present system to arrive at positive evidence as to the cost of foreign pottery, that I do not believe it would be ever possible to go into the courts of this country with evidence sufficient to convict any man criminally.

Mr. CLARK. Do you not believe that an ordinary jury of honest men with the evidence that Mr. Burgess has submitted uncontradicted as to the Holland performance would land the fellow practicing it in the penitentiary?

Mr. WELLS. I am exceedingly prejudiced in this matter, and the evidence is conclusive to me, but whether it would appeal to a jury, I do not know.

Mr. CLARK. Of course you would have to have a good district attorney?

Mr. WELLS. Yes, sir.

Mr. COCKRAN. I would like to ascertain whether I understood you correctly to say that china was no longer manufactured in this country?

Mr. WELLS. China is manufactured in this country to the extent of about \$1,900,000 a year, but that is almost entirely confined to heavy hotel wares. In the making of hotel wares the element of raw material enters more largely than it does in fine wares, and the labor cost is not so large a percentage.

Mr. COCKRAN. There is a large manufacture of china of that description still carried on.

Mr. WELLS. There are five potteries operating with fairly good success in this country.

Mr. COCKRAN. You spoke of failures in this business during the last year; they were not any more pronounced in this business than in any other business during the panic?

Mr. WELLS. I should probably have brought out the failures in the last year. There has been a series of failures in the last eight or nine years.

Mr. COCKRAN. There were only seven establishments altogether; there could not have been a very great series of failures, if you have any left.

Mr. WELLS. You mistake the meaning of my statement. There are about sixty-five potteries in the United States.

Mr. COCKRAN. I understood you to say that there were seven.

Mr. WELLS. No; but in my recollection there have been seven potteries built for the sole purpose of making this kind of china.

Mr. COCKRAN. Which have all failed?

Mr. WELLS. Every one of those seven I referred to discontinued it; there are five still making it. The seven which were built for the sole purpose of making it found it impossible to sell the goods at the prices, and quit.

Mr. COCKRAN. What are they doing now?

Mr. WELLS. Some of them are standing idle.

Mr. COCKRAN. How many?

Mr. WELLS. I think there is just one idle entirely, and that the other six are making earthenware.

Mr. COCKRAN. Is that more profitable?

Mr. WELLS. They have statements showing their actual loss in making china, but they manufacture earthenware and get along.

Mr. COCKRAN. With reference to what Mr. Clark asked you a moment ago, did you follow Mr. Burgess's statement that while the importations from Germany, according to our customs returns, amounted in value to \$5,300,000, that the export figures of the German authorities would show that the same transactions amounted to over \$8,000,000?

Mr. WELLS. Yes.

Mr. COCKRAN. Have any steps been taken to bring that to the attention of the Treasury authorities here?

Mr. WELLS. Not unless Mr. Burgess has done so. I believe that is recently acquired information.

The CHAIRMAN. That is all, Mr. Wells.

STATEMENT OF MR. CHARLES L. CASEY, REPRESENTING THE CAMBRIDGE ART POTTERY COMPANY, OF CAMBRIDGE, OHIO.

Mr. CASEY. Mr. Chairman and gentlemen of the committee, my position here is just a little bit different from that of the other pottery men, for the reason that I have no competitor in this country. My line is the manufacture of artistic earthenware cooking utensils, brown on the outside and white-faced on the inside. Here are some specimens [exhibiting same]. That is a brown piece of earthenware, brown on the outside, with a white porcelain lining, with a clear glaze over the whole outer surface and the inner surface also.

We have been making these goods for the last four years. When we first started in the price was very satisfactory. Of course it was experimental, and other factories in this country had tried to produce some similar linings, but they were not successful. Of course after we had demonstrated that we could produce the article and there was a market for it the price for it suddenly dropped about 25 per cent, owing to the action of the importers, and later on I had a little experience at the custom-house, where they were trying to

give me a duty of only 25 per cent and classing my goods as common brown earthenware, with the idea that no skill was required in the labor or process of manufacture, and for that reason classing my product as common brown earthenware. The case came up and was decided in my favor, giving me paragraph 96, with 55 per cent ad valorem.

Now, if you consider the position I am in to-day with this particular line of manufacture, you will understand it is a very close proposition, and my business depends pretty much on "fill-ins" and "short ends." Where a buyer can anticipate his wants by six months I am not in with the price by 30 per cent. During the past year, when the times were pretty close and where the domestic buyer did not anticipate his wants very far ahead, my business was pretty good; but if he could have anticipated his wants, my business would probably not have been so good.

I would like to have you consider me in this position, that I would like to have a place in the schedule where I would not be thrown into such a position that I would be confused with any other line of manufacture, and that I might be given a position that would classify me and specify my particular line in such a way that I would be distinctly classified, and where it would not be hard to identify me.

Mr. GRIGGS. What do you call that ware?

Mr. CASEY. "Guernsey." That is simply a name that we have given to it. We make an extensive line of that.

The CHAIRMAN. Would "Guernsey" cover that?

Mr. CASEY. Yes, sir. There are other lines coming in, such as Throgmon and the Luxemburg and others. Some other factories and houses, as I understand, are manufacturing and importing similar lines.

The CHAIRMAN. You think that would be entirely safe to describe the article, so that they could not bring it in here by some German name?

Mr. CASEY. I don't know. It might be brought in in that way. I know it has been imported as common brown earthenware, at 25 per cent duty.

Mr. DALZELL. You get 55 per cent now?

Mr. CASEY. Yes, sir.

The CHAIRMAN. Is there any litigation now pending?

Mr. CASEY. No, sir. The case was settled a short time ago in my favor.

The CHAIRMAN. How long have you been getting 55 per cent duty?

Mr. CASEY. Possibly two years. I can not remember exactly.

Mr. GRIGGS. You mean to say that you use the term "Guernsey," and that covers all imitations that might compete with that?

Mr. CASEY. I think it would be better to place the lines that compete with mine in that paragraph.

Mr. GRIGGS. Will you file a statement?

Mr. CASEY. I will file a statement, yes, sir; if I can have that pleasure.

Mr. COCKRAN. I did not quite understand what you meant by saying you could not anticipate.

Mr. CASEY. In case the buyer should anticipate his wants for six months, in that way he could place his order abroad for his quan-

titles that can be brought in, say, six months or four months later on. That is anticipating your wants.

Mr. COCKRAN. Did you develop that manufacture yourself?

Mr. CASEY. Yes, sir.

Mr. COCKRAN. That is your invention?

Mr. CASEY. Yes, sir. I am the only one in this country who manufactures it successfully.

Mr. COCKRAN. Is it made in Germany?

Mr. CASEY. Yes, sir.

Mr. COCKRAN. And all you want is a distinction in the paragraph—such a distinction as will insure to you the existing rates of duty?

Mr. CASEY. Yes, sir.

Mr. POT. That ware is quite extensively used, is it not?

Mr. CASEY. I should imagine about \$120,000 of it is used in this country, of which we are now supplying about \$45,000 worth.

Mr. POT. You do not want a reduction of the duty?

Mr. CASEY. No, sir; not a cent.

The CHAIRMAN. What can the foreigner lay it down in New York for, duty paid?

Mr. CASEY. How is that?

The CHAIRMAN. At what price can the foreigner lay it down in New York, duty paid?

Mr. CASEY. At from 10 to 20 per cent lower than I can.

The CHAIRMAN. With the duty paid?

Mr. CASEY. Yes, sir.

The CHAIRMAN. Are you going to be here to-morrow?

Mr. CASEY. Yes, sir.

The CHAIRMAN. Then I think you had better take the matter up with the clerk in the morning, and he will take you to the expert to see whether any further description is necessary. That is all.

The next subject is clay. I notice that Mr. Williams and Mr. Phillips, of Easton, Pa., represent the same company. Can you gentlemen not agree that one only may represent you?

Mr. WILLIAMS. We have already filed a brief. Neither one of us wishes to be heard.

The CHAIRMAN. All right. Then we will call W. C. Neilson, of Philadelphia, Pa.

STATEMENT OF MR. W. C. NEILSON, REPRESENTING THE BEAUXITE MINING AND MANUFACTURING COMPANY, OF PHILADELPHIA, PA.

Mr. NEILSON. The industry in which I am interested is rather a unique one in the United States, because it is one in which the material goes into some very important uses. The material in the ground goes into some very important manufactured products. As a matter of fact, the value of the material in the ground is a very light one. We are planning to submit a small report on this beauxite industry in due course.

Mr. GRIGGS. What is the name of this?

Mr. NEILSON. Beauxite, which is one of the aluminous clays of this country. It is found in three States of the Union—in Georgia, Alabama, and Arkansas. In 1889 this material was discovered, and from that time until this, namely, nineteen years, there have only

been mined and shipped in this country a little over half a million tons. My estimate for the first nineteen years would represent about some 526,000 tons. The reason why this industry has been kept back so long in this country is because the French ores are coming here in large quantities and keeping our mining tonnages very low.

This estimate of 526,000 tons' production for nineteen years would be an average of something under 30,000 tons of ore a year, which is a pretty small amount of raw material to take out of the ground. During that time my company has taken care of practically one-third of this material, and with \$1 duty per ton we have been able to struggle along; but in those nineteen years, without the duty, we would have run our business at a loss.

Mr. GRIGGS. You say you made a dollar a ton profit?

Mr. NEILSON. Yes; our profits have lain inside of \$1 per ton.

Beauxite is used for several very important products, namely, aluminum and sulphate of alumina or alum, which goes into filtering pipes and also into paper. It is a paper filler, and it is also used as an abrasive, and a new use for it has come up in the past two years as a refractory. All of these uses are important ones, yet the material itself is considered in a very light vein, and the United States field of beauxite has had very little encouragement, and consequently has had a very slow growth and development.

Mr. GRIGGS. How much of it is there down there?

Mr. NEILSON. There are tremendous tonnages of it, not only in Georgia and Alabama, but also in Arkansas.

Mr. GRIGGS. About what territory does it cover? About how many tons of it are estimated to exist there?

Mr. NEILSON. I think the Geological Survey estimated a great many million tons of it in 1896, and since then the development of the mines has shown that there is more ore than there appeared to be a few years ago. It lies in two fields—the Georgia-Alabama district and the Arkansas district. The Georgia-Alabama district extends down as far as Anniston, Ala. There the ore goes down to a great depth, and frequently the mines are 150 feet deep, and we have to do surface work because the clay walls surrounding it will not permit us to get far underground.

The CHAIRMAN. What is the production in the United States?

Mr. NEILSON. In the nineteen years we figure that only a little over half a million tons have been shipped.

The CHAIRMAN. I mean this year, not in nineteen years.

Mr. NEILSON. Well, in this past year or two it has been somewhat higher than the average. The average is under 30,000 tons.

The CHAIRMAN. How much was the production in the United States this year, or in 1907?

Mr. NEILSON. It is very hard to give you those exact figures, because they are not handed to us; but our estimate for 1908 would not exceed 50,000 tons.

The CHAIRMAN. As against 16,000 tons imported. This is used in the manufacture of aluminum, is it not, and in the manufacture of alum, and in the manufacture of emery wheels?

Mr. NEILSON. Yes, sir.

The CHAIRMAN. It is all used in manufactures?

Mr. NEILSON. Yes, sir.

The CHAIRMAN. Have you figured, if we raise this duty, how much we have got to raise the duty on these other articles?

Mr. NEILSON. What we want is a little additional duty to help justify us.

The CHAIRMAN. It is a dollar a ton now. How much do you want?

Mr. NEILSON. If the duty was made \$2 a ton as a minimum we would have a better chance to go forward.

The CHAIRMAN. You want a double duty?

Mr. NEILSON. Yes.

The CHAIRMAN. And still you are able to produce 50,000 tons a year as against 16,000 tons imported?

Mr. NEILSON. Yes.

Mr. POU. What is it worth at the mine?

Mr. NEILSON. Our average price has been in the neighborhood of \$5 a ton, at a cost of slightly over \$4 a ton.

The CHAIRMAN. Of course the manufacture of aluminum is increasing very rapidly in this country all the time, is it not?

Mr. NEILSON. Yes, sir. I might say in this connection that our ore reserves have very little to do with the production of aluminum. Our ore goes chiefly into alum and these abrasive materials, and we are trying to build up the refractory now. When the dollar duty was put into effect we managed to go ahead, because in those days the mines were very near the top of the ground and we could get labor for 90 cents. Since then we have had a big change in the cost of labor. Now we are paying nearly \$1.50 for common labor, the cost of which used to be 90 cents; and in addition to that our mines are going very much deeper.

Mr. GRIGGS. You can not mine this material as coal is mined?

Mr. NEILSON. No. We have to quarry right down.

Mr. GRIGGS. You have to uncover and then go down?

Mr. NEILSON. Yes, sir. We have reached a point where the profits are very small and the risk is increasingly large each year, and it does seem to be a very disproportionate proposition. There are to-day only three companies and one individual in the United States mining bauxite. There have been in the course of the business seven or eight other concerns, which have dropped out, we assume, because they have found it unprofitable. We have had some bad years ourselves, when we came up on the wrong side of the ledger.

Mr. RANDELL. What do you mean by trying to develop the refractory business?

Mr. NEILSON. We are trying to make a kind of fire brick with it as a base.

Mr. DALZELL. Does not this bauxite prevail in other places besides Georgia and Alabama and Arkansas, but not in such large quantities?

Mr. NEILSON. There are little deposits of it scattered throughout the country, but they are all of inferior grades.

Mr. GRIGGS. Is there any in New York?

The CHAIRMAN. No; it is in Arkansas and Georgia.

If there is nothing further, that is all. We will now hear John Richardson, of Boston, Mass.

Mr. GRIGGS. I do not think he has finished, Mr. Chairman. I hope you will not ask him any more questions until he quits reading his statement. [Laughter.]

The CHAIRMAN. That would be a valid criticism if I had thought he had quit reading. You may proceed, Mr. Neilson.

Mr. NEILSON. One competitor is the French bauxite, which runs almost on top of the ground, and is found in almost limitless quantities. They get labor over there for 60 cents a day and can load the material on their vessels at a very low figure. Their freight rates from Marseille to New York are approximately from \$1.50 to \$2 a ton. Our freight rate from the mines to the eastern market is \$4 or \$5 a ton. And there is a third important fact bearing on this question, namely, that the French ores have about 10 per cent more of alumina in them than the American ores, the American ores having about 30 per cent of water and 60 per cent of alumina, while the French ore has only 20 per cent of water and 70 per cent of alumina.

My proposition was that the business was a very dangerous one to run the business at a profit on a \$5 basis. That \$5 basis is a point we have been unable to pass on account of the French ore imported to this country, and considering the uses to which the product has been put and the experiments which have been tried and which failed in the development of this industry, we are anxious to have a little encouragement to carry on the work. In due time we desire to submit a report which will bring up most of these questions and try to show them in a clear light.

Mr. RANDELL. Where are the deposits of fire clay? Where do you use those deposits?

Mr. NEILSON. In Arkansas. I trust that the briefness of this interval will not react against the importance of the subject. It is very important to us, but in view of the brief that I will submit, I will not detain you any longer unless there are some questions that will come up.

Mr. GRIGGS. You have given us a very nice talk. [Laughter.]

Mr. NEILSON. Thank you.

The CHAIRMAN. The next is kaolin. On that Mr. Richardson desires to be heard.

**STATEMENT OF MR. JOHN RICHARDSON, REPRESENTING THE
JOHN RICHARDSON COMPANY, OF BOSTON, MASS.**

Mr. RICHARDSON. Mr. Chairman and gentlemen, I represent my company and also S. T. Warren & Co., paper manufacturers. It is partly at their request that I appear here to-day. The reasons why china clay or kaolin should be put on the free list are, first, there is no substitute produced in the United States that can take the place of English china clay in the better class of book and coated papers; second, at least 80 per cent of all the china clay imported into the United States is used for those purposes; third, the specific duty on this article is \$2.50 per ton, 2,240 pounds, or approximately 37½ to 50 per cent of the entire value of the article in bulk f. o. b. The shipping seaboard point is Cornwall, England. Its average value at our seaboard, as per your Bureau of Statistics, June 30, 1906, to June 30, 1907, is \$6.77. This includes the cost of package, about \$2 per ton. The only deduction is that the American paper manufacturer pays 37½ to 50 per cent duty on a raw material.

Fourth, as a proof of this position, I have filed with my brief, already handed in, a table taken from the Bureau of Statistics at

Washington, from 1871 to 1907, both inclusive, showing an increase in arrivals from 13,081 tons in 1871, of the average value of \$9.80, to 211,467 tons in 1907, of the average value of \$6.77. Our manufacturers of the better grade of papers had to have this clay, no matter what it cost. There is no substitute.

The CHAIRMAN. The figures show an importation of 211,467 tons, of the value of \$1,432,342, on which the duties collected were \$526,668.15, which makes the ad valorem duty 36.91 per cent.

Mr. RICHARDSON. Yes; that is right. I will tell you where the discrepancy is. I presume the Government makes its figures from the invoices submitted at the custom-houses at the various ports. In my own case up to the latter part of December the cost of the cask was included in the invoice.

The CHAIRMAN. You contend that the invoice of the importers was an overvaluation?

Mr. RICHARDSON. No, sir. There is a specific valuation on the clay, but there is no duty on the casks.

The CHAIRMAN. In order to make it, there must have been an overvaluation at the custom-houses?

Mr. RICHARDSON. No, sir. You do not understand it.

The CHAIRMAN. Go ahead, then.

Mr. RICHARDSON. Well, all I have to say, whether it is 37 per cent or 50 per cent, it is a raw material which the paper makers need and have got to have. In those two classes of paper there is no competitor with this product.

The CHAIRMAN. How much do you say is produced in this country?

Mr. RICHARDSON. Of this particular kind of clay, none.

Mr. GRIGGS. Kaolin?

Mr. RICHARDSON. Not that particular kind of clay that is used for this purpose.

Mr. GRIGGS. You misunderstood the question. He asked you how much of this was produced in this country.

Mr. RICHARDSON. Of this kind, none. It is china or kaolin clay. There is a kind of china clay, so called, produced in this country, but it can not be used by the paper makers.

The CHAIRMAN. Our notes say here: "The chief producing States are Pennsylvania, Delaware, North Carolina, and South Carolina. The North Carolina kaolin is the best known and most widely used."

Mr. RICHARDSON. That is used in the medium grades of paper, but in the better classes of papers 80 per cent of this particular kind is used. They can not use the other kind of clay in the high-grade papers. They can not use the low-grade clays in the high-grade papers.

The CHAIRMAN. Therefore you want the duty taken off from all kaolin?

Mr. RICHARDSON. Yes, sir.

Mr. GAINES. Would there be any way of distinguishing between the lower grade and the higher grade, which you say is not produced in this country?

Mr. RICHARDSON. Yes, sir.

Mr. GAINES. It might be well to make a suggestion of such distinction.

Mr. GRIGGS. Would it not be true that if the duty was taken off, even as Mr. Gaines suggests, by making a differentiation of the dif-

ferent grades—would it not be true that you would use all of this clay?

Mr. RICHARDSON. No. The \$2.50 duty which first comes off the price of English clay would not shut off the use of American clay.

Mr. GRIGGS. You would use American clay for this purpose?

Mr. RICHARDSON. Oh, yes; just the same as heretofore, in news paper and wall paper—just the same.

Mr. DALZELL. This \$2.50 does not protect anything?

Mr. RICHARDSON. No, sir. I have the statement of S. T. Warren & Co. to that effect.

Mr. DALZELL. It does not protect anything, and it brings in to the Government a revenue of \$526,000 a year?

Mr. RICHARDSON. Yes, sir; just exactly.

Mr. GRIGGS. What about the labor that is employed in those mines? The labor is entitled to protection, is it not?

Mr. RICHARDSON. Yes.

The CHAIRMAN. Do I understand you do not produce any clay of that kind in this country—any china clay or kaolin?

Mr. RICHARDSON. What is produced here is called kaolin. It is a low grade of clay. It is used largely by the manufacturers of the low-grade papers.

The CHAIRMAN. It is not used in the high-grade papers?

Mr. RICHARDSON. No; not in the high-grade papers.

The CHAIRMAN. But it is used in the low-grade papers?

Mr. RICHARDSON. Yes.

The CHAIRMAN. And also in the low-grade pottery?

Mr. RICHARDSON. Very little that I know of. I do not know about the pottery business, but I do know about the low-grade paper business. I am talking about the paper business.

Mr. GRIGGS. Now, let me understand one thing. What would be the cost of laying down a ton of kaolin from either the Carolinas or Georgia or Delaware, and the cost of laying down a ton of kaolin from England, at the seaport? If the duty were taken off, what would be the difference in cost, or would there be any?

Mr. RICHARDSON. It would be very slight.

Mr. GRIGGS. So slight that everybody would use the English kaolin?

Mr. RICHARDSON. No, no. It would be slight, but they would still use the southern clay.

Mr. CLARK. If we took this tariff off, would it make paper cheaper to the man who buys paper?

Mr. RICHARDSON. I should think the paper manufacturer would thus be enabled to make the paper cheaper, and the cheaper he would make it the cheaper he would sell it.

Mr. CLARK. Would they put the price of the paper down to the newspaper man, and so forth?

Mr. RICHARDSON. Well, I think, on general principles, that the lower the paper manufacturer can get his raw material the lower price he will make.

Mr. CLARK. That ought to be the case, but would that be the case?

Mr. RICHARDSON. I am not a paper manufacturer.

Mr. CLARK. What are you then?

Mr. RICHARDSON. I am representing them.

Mr. CLARK. You do not know anything about it then as a matter of fact?

Mr. RICHARDSON. When you ask whether the man who makes paper will lower the price as much if he gets \$2.50 a ton duty, I can not tell you.

Mr. CLARK. But that is exactly what I want to know. If somebody is going to absorb the difference, after it is put on the free list, between you and the consumer, then I do not see that anybody gets any benefit out of it excepting you.

Mr. RICHARDSON. I say that the paper manufacturer would be very likely to give the consumer the benefit of the \$2.50 a ton if he gets his clay cheaper.

Mr. CLARK. I would like to have somebody give a bond as to the benefit.

Mr. GRIGGS. Can you make a calculation as to what that difference would be?

Mr. RICHARDSON. Two dollars and fifty cents a ton—I can make a calculation. I happen to know that the clay costs one-half a cent a pound in paper, but that is only the clay that goes into the paper. Of course, they do not make the paper all of clay, but I wish they did.

Mr. CLARK. As a matter of fact, kaolin is used more to adulterate candy than any other purpose, isn't it?

Mr. RICHARDSON. I have imported about a half a million tons of that article, and I never sold one pound for that purpose, or heard of anybody else doing it.

Mr. CLARK. I am not asking you what you do, but I am asking you about what kaolin is used for. I have understood that it was used to such an extent that it was undermining the health of the children of the country, and that a great many cities passed laws making its use a criminal offense.

Mr. COCKRAN. Now, Mr. Richardson, please state precisely what you want?

Mr. RICHARDSON. I want the duty taken off kaolin.

Mr. COCKRAN. For the whole of it, or a particular part?

Mr. RICHARDSON. For kaolin that comes in from England.

Mr. COCKRAN. Is that a particular kind?

Mr. RICHARDSON. Yes, sir.

Mr. COCKRAN. Could it be so described that it could be identified in the custom-houses?

Mr. RICHARDSON. Very easily.

Mr. COCKRAN. Just suggest how it could be done, and then we will have a definite proposition before us to consider. You are asking for the total abolition of this duty; and is the abolition of duty on one particular kind of clay?

Mr. RICHARDSON. Do you want me to tell you, so that the custom-house can distinguish it?

Mr. COCKRAN. You do not want to have this put upon the free list, as I understand it, excepting so far as one particular kind is concerned?

Mr. RICHARDSON. I want all English china clay put on the free list.

Mr. COCKRAN. That is a particular kind?

Mr. RICHARDSON. Yes, sir.

Mr. COCKRAN. Is not the English kaolin a particular kind?

Mr. RICHARDSON. Yes, sir.

Mr. COCKRAN. You can define that and describe it?

Mr. RICHARDSON. Yes.

Mr. COCKRAN. Why do you not then submit to the committee such a definition?

Mr. RICHARDSON. I will make such a definition.

Mr. RANDELL. Do they have low grades over there?

Mr. RICHARDSON. They buy most of their so-called "low grades."

Mr. RANDELL. If you want to take the duty off the English article, that might mean all the kaolin from England. Do you mean to say that there is no low grade?

Mr. RICHARDSON. They have refuse grades.

Mr. RANDELL. Then they have no low grades?

Mr. RICHARDSON. No so-called "low grades." The lowest is about 16s. a ton.

Mr. GRIGGS. Don't you believe it would destroy the kaolin industry in this country?

Mr. RICHARDSON. No, sir.

Mr. GRIGGS. You do not believe that?

Mr. RICHARDSON. No, sir.

Mr. GRIGGS. When you take off the duty on the English clay, then the English clay will be as cheap as the clay mined in the United States. You admit that, don't you?

Mr. RICHARDSON. Very close to it.

Mr. GRIGGS. "Very close to it" does not mean the same thing. But then they would practically be the same price, and then everybody would use English clay instead of American clay, would they not?

Mr. RICHARDSON. I think there would be still very large consumers of the American clay.

Mr. GRIGGS. Why?

Mr. RICHARDSON. Because newspapers use it.

Mr. GRIGGS. And you say that English clay is so much better? If English clay is so much better than any clay in America, and we arrange so that it can be put into the American market at the same price as the American clay, then would anybody with any sense use the American clay?

Mr. RICHARDSON. They would.

Mr. GRIGGS. They would practically shut down this industry if that was the case?

Mr. RICHARDSON. Yes; if that is the case.

Mr. COCKRAN. If it is maintained that English and American clay is exactly the same, then you could not describe the English clay.

Mr. RICHARDSON. They are not the same; they are different.

Mr. COCKRAN. Are they used for different purposes?

Mr. RICHARDSON. Yes, sir.

Mr. COCKRAN. Do I understand you to say that the English clay has a special use which does not come in conflict with any clay produced in this country?

Mr. RICHARDSON. That is the statement I make.

Mr. COCKRAN. Is that English clay capable of such description that you can describe it in the language of a schedule, so that the tariff law will apply to that and that only?

Mr. RICHARDSON. Yes, I think it could be so described.

Mr. GRIGGS. In addition to that the gentleman will repeat, I presume, that when English clay must be laid down at the same price as American clay, that English clay will be used for all purposes?

Mr. COCKRAN. He said it is not produced for the same purposes. Now, let us get that straight, because your testimony is leaving a different impression upon my mind than upon Mr. Griggs's. It is a fact that this clay, this English clay that you want upon the free list, is valuable for some purposes that the American clay is not valuable for?

Mr. RICHARDSON. It is.

Mr. COCKRAN. Then the English clay would not come in conflict, in competition, with the American clay no matter what the conditions were under which it would be admitted?

Mr. RICHARDSON. I will not say that. I think that if the duty were taken off the chances are that more English clay would be used for the low-grade paper, but there would still be much use for the southern clay.

Mr. GRIGGS. But did you not say in addition to that, that everybody who had any sense, and could purchase English clay at the same price as American clay, would use the English clay?

Mr. RICHARDSON. Very likely to; yes.

Mr. GRIGGS. That seems rather clear.

Mr. RANDELL. As I understand it, the English clay can be used for some things that the American clay is not used for, but it can also be used for the same thing as the English clay?

Mr. RICHARDSON. Yes, sir.

Mr. DALZELL. Now, I would like to ask my question over again. Is it a fact that this duty protects an American industry and does bring into the Federal Treasury over a half million dollars?

Mr. RICHARDSON. I think that that is so.

STATEMENT OF MR. HARRY A. AUER, OF CLEVELAND, OHIO.

Mr. AUER. I am here on behalf of the Standard Reduction Company, a corporation of the State of Alabama. I have a very keen appreciation of that ancient rule of business, that "the longer the spoke the greater the tire," and I will try to be as brief as possible in my observations. The reason I speak of this matter at all, rather than submitting my brief, is that there are certain peculiarities in connection with this product which I believe have no analogy in the other articles of the tariff schedule. The United States Geological Survey reports of 1907 on fuller's earth define fuller's earth as follows: "The term fuller's earth is used to indicate a variety of substances that possess strong absorbent qualities;" a very general definition. Its chemical analysis is about as follows: Ignition loss—and by ignition loss is meant water and certain fluids that pass off when it is burned—11.4 per cent; silica, 57.62 per cent; alumina, 22.82 per cent; ferric oxide, 4.78 per cent; lime, 1.54 per cent; magnesia, 1.44 per cent. The Geological Survey report further states that this chemical analysis is of very little value in determining the quality, and that only a physical test suffices to determine it. I bring this to your attention because it will have a good deal of bearing upon what I shall have to say hereafter.

Now the action of this fuller's earth in bleaching and clarifying is a thing entirely unknown to the chemist. Some of the chemists say that it is mechanical, others say that it is chemical. I talked with one of the chemists from one of the largest plants in Chicago, a gentleman who has devoted a great many years to this particular branch of chemistry, and after an exhaustive series of examinations on the subject, he concluded with this statement: That fuller's earth was composed of a number of particles that were atomic in their fineness, and that each one of them was covered with hooks that had a particular affinity for impurities. He said that after years of study, that was the nearest he could get to it, and that sounds foolish. But I guess it is as close as they can get.

Now this earth has many uses and purposes. In India it is used for the refinement of cocoanut oils, and in this country it is employed by large packing houses in refining and clarifying of lards, the manufacture of soap, and refinement of cotton-seed oil. It also has some use in the refinement of mineral oils, and is used to some extent in connection with the rubber industry. This fine gray powder that we see on rubber bands, as we get them from the factory, is fuller's earth.

This was first discovered in the United States in Quincy, Fla., in 1893, and was first manufactured in the United States in 1895. Since that time there have been other deposits discovered, and in 1907 the following States were producing it: Florida, Arkansas, Georgia, South Carolina, Massachusetts, Colorado, Texas, and Alabama. In 1907 the total production of the United States was 32,851 short tons, of which Florida produced about 69 per cent.

Prior to its discovery in the United States the only source of supply was England. At present by far the most important deposits are found there. As I stated, in the geological report the term includes a variety of substances that possess strong absorbent qualities, and these various earths not only differ in chemical analyses and physical appearances, but differ greatly in absorbent properties.

Again, I am informed by the chemist of one of these packing houses that earths having the same chemical analyses as this English fuller's earth and having the same physical qualities leave an entirely different effect as a bleaching agent.

Mr. GRIGGS. What is your opinion about that?

Mr. ATHER. It sounds fishy, but I think it is correct. They are able to produce synthetically the earth which will bear the same chemical analysis as fuller's earth, but in action it will have an entirely different effect, so that a chemical analysis, as stated by the Geological Survey report, is of little or no value in determining the quality, and only a practical test suffices.

Now, I come to the distinction between the American and the English earths. Until last year the English earth was the only known refining and bleaching agent that was suitable in the use and refinement of food. We have American earths that are suitable for the refinement of soap, mineral oils, in the rubber industries, and non-food products, but this is the only earth, the English earth, that was suitable for the refinement of cocoanut oils, cotton-seed oil, lards, animal oils, and so on, because it is the only earth that does not leave a taste and a smell.

Mr. DALZELL. What are you advocating?

Mr. AUER. I am advocating a continuance of the duty upon English earths.

Mr. GRIGGS. You mean fuller's earth?

Mr. AUER. Fuller's earth; certainly.

The CHAIRMAN. We have information here with reference to fuller's earth, its uses and its qualities, and all that sort of thing, and where it is found in the United States. Perhaps you might print what you have there on the subject without reading it.

Mr. AUER. There is one point that is not contained in your printed information, I believe, and I will get to it shortly.

The CHAIRMAN. Please confine yourself to that, and then print your brief, and that will contain all the information besides what you have there.

Mr. AUER. As I have stated, the only earth that was suitable for the manufacture and refinement of food products was the English earth; that is, until within a year; but within a year—and that is a point that will not be contained in your information—there has been discovered in southern Alabama a very large deposit of fuller's earth. It is owned and operated by the Standard Reduction Company of Alabama. In the development of this enterprise we have made a very heavy investment in tugs, barges, dredges, and electrical processes, employing a number of men, both skilled and unskilled, and this is the significant thing about this newly discovered earth, that it is the only American earth that is suitable for the refinement of food products.

Mr. GRIGGS. Have you tried that in southern Georgia, in Decatur County?

Mr. AUER. No; I have not tried it.

Mr. GRIGGS. You had better try that before you make that statement.

Mr. AUER. The only information that I have on this subject is from the Chicago packers, who are large users, and they state that the English earth is the earth that they find that they could hitherto use until they got hold of ours. That is the only information that I have, that that is the only earth that is suitable for their purposes other than the English earth.

Now, here is the whole crux of my contention, that heretofore there has been little or no need for a protective duty on this industry; that with the advent of an earth that will compete and can compete successfully with the English earths there arises a decided necessity why the duty heretofore erected presumably for revenue should be continued as a protective duty.

The CHAIRMAN. Pardon me for a moment, but I want to make an announcement. We will run until 7 o'clock, and then take a recess for dinner until 8 o'clock, proceeding with this schedule this evening. The glass schedule will not be taken up until to-morrow. I make this announcement so gentlemen will govern themselves accordingly.

You may now proceed, Mr. Auer.

Mr. AUER. I claim that since this legislative policy has called into being this industry whereby the consumers of its product are furnished with their requirements without delays and vexations incident to foreign importations, that it should be continued. It is a small industry. The total amount of importations are very small.

Now, there is another question that I want to bring before you. It is a question of differentiation in duty on fuller's earth. The act provides "Fuller's earth, unwrought and unmanufactured, \$1.50 per ton; wrought or manufactured, \$3 per ton." Now, I assume that the rationale of this distinction rests in the inducement offered to import the clay in its crude state at a low duty, and to insure to American labor the benefit of the employment in advancing it from a crude condition to that of a finished article of commerce. I see no other reason for such a distinction, and I assume that to be the legislative intent. This leads us to the question of what is wrought and unwrought, manufactured and unmanufactured. If the legislative intent is that unwrought and unmanufactured shall contemplate the clay in its natural state, unaltered and unadvanced by process of manufacture and refinement, so that the labor of changing it from its crude condition to its finished state shall be performed after its importation, it necessarily follows that a judicial or administrative interpretation of the unwrought and unmanufactured shall allow the importation of the clay at the lower rate of duty, \$1.50 per ton, notwithstanding it may have gone through a number of processes and many advancements, stopping only short of complete manufacture, and only defeats the legislative intent with which advancements shall be accomplished by American labor, and also operate as a direct evasion of that portion of the act imposing a \$3 per ton duty on wrought earth.

The CHAIRMAN: You are familiar with the decision of the Board of Appraisers, that the granulated form, which is held to be unwrought, is bolted, it is wrought clay. Do you quarrel with that decision?

Mr. AUER. Most decidedly I do.

The CHAIRMAN. Then come to that point, please.

Mr. AUER. Here is the point: The production of this clay is controlled by a powerful English combination and trust.

The CHAIRMAN. But aside from that, let us get to that point.

Mr. AUER. I am coming to it.

The CHAIRMAN. How does clay become granulated clay? Is there a manufacturing process?

Mr. AUER. Surely; and it is ground up in a burr mill.

The CHAIRMAN. But that hardly answers the question. I ask you for information. Then if it is unwrought, unground, and unmanufactured it would meet your contention?

Mr. AUER. I think not.

The CHAIRMAN. Then go on and tell us what would.

Mr. AUER. In the manufacture of this clay there are a number of processes. What these processes are the American consul has tried to ascertain, but was unable to do it, because it is a secret matter and the manufacturers will not reveal it. But we have had some experience ourselves in the manufacture of this clay, and we find that we can produce the clay up to the point of grinding, and up to that point it is 90 per cent manufactured: so that I say that if clay can be admitted in which the elements of labor have been incorporated up to the point of grinding it can be admitted when it is 90 per cent manufactured. That is my point.

The CHAIRMAN. Well, if there is any occasion for any differential at all, that should come in at the higher rate of duty.

Mr. AUER. Most decidedly.

The CHAIRMAN. Do you suggest any amendment to the paragraph that would accomplish that?

Mr. AUER. Except by providing that unwrought shall be the clay in its crude and natural state, unadvanced by any process of manufacture. This embodies the two points that I have to make.

The CHAIRMAN. If there is any occasion for a differential in making a higher duty for that clay in its manufactured state, where 90 per cent of labor is put upon it, of course we ought to pay the higher duty. There is no question about that.

Mr. AUER. Just a moment, before I conclude. I desire to read from the letter that I recently wrote to the Treasury Department—to the Secretary of the Treasury—attempting to get some information as to where the line of demarcation was drawn between wrought and unwrought. He says: "The department is unable to inform you definitely where the line of demarcation is drawn between wrought and unwrought." If the department is unable to draw that line, shall it be for the foreign manufacturer, with every motive of self-interest, to draw it?

The CHAIRMAN. If the department can't do it, of course the law will do it.

Mr. AUER. That is what I want to suggest. If the intent of the legislative act is to secure advancement to the maximum of labor, let us have it so definite that it can not be avoided.

The CHAIRMAN. I am with you on that as far as I am concerned.

Mr. AUER. I made the suggestion that unwrought be defined as the clay in its crude and natural state, unadvanced by any process of manufacture or labor.

Mr. BOUTELL. What is the amount of the stock of the Standard Reduction Company?

Mr. AUER. The amount of the stock is a quarter of a million.

Mr. BOUTELL. Two hundred and fifty thousand dollars?

Mr. AUER. Yes, sir.

Mr. BOUTELL. Is that all paid in?

Mr. AUER. Yes, sir.

Mr. BOUTELL. Who are the principal stockholders, and where do they live?

Mr. AUER. There are probably twenty stockholders. They live at Cleveland, Ohio. Some of them live in Chicago.

Mr. BOUTELL. Do you know who some of them are?

Mr. AUER. Yes; I know all of them, I think.

Mr. BOUTELL. Are any of them in Alabama?

Mr. AUER. No; there are none of them in Alabama.

Mr. BOUTELL. Where was the corporation organized?

Mr. AUER. In the State of Alabama.

Mr. BOUTELL. And doing business in Alabama?

Mr. AUER. Its plant and its property are both in Alabama.

Mr. BOUTELL. Its capital is all outside of Alabama?

Mr. AUER. The capital is all invested in Alabama. The owners of the stock are citizens mostly of Ohio, though there are a considerable number in Chicago, Ill.

Mr. BOUTELL. That is all.

Mr. CLARK. How long have you been running that business down there?

Mr. AUER. That is just the point. We have been experimenting on these processes whereby we could get this stuff in a situation where it would be acceptable to the packers, and it is only within the last week that I have seen a telegram from the packers saying that they were ready to order as soon as we were ready to make large shipments.

Mr. CLARK. When will you get ready to make large shipments?

Mr. AUER. I think perhaps they are being made now. I have been away from Cleveland several days and have had no reports.

Mr. CLARK. It was a very sudden process, was it not?

Mr. AUER. How is that?

Mr. CLARK. It was a very sudden transaction, if they only accepted it last week.

Mr. AUER. I think not. I think perhaps they have been working on it for perhaps a year and a half.

Mr. CLARK. You have been accumulating the stock on hand?

Mr. AUER. Been doing what?

Mr. CLARK. You have been accumulating the output?

Mr. AUER. No, sir; we have been experimenting on methods whereby the output could be done uniformly.

Mr. CLARK. I know; but you stated in one breath that you just heard last week that they would accept it and in the next one that you supposed that they might be shipping large quantities of it now.

Mr. AUER. Yes, sir.

Mr. CLARK. That was a sudden manufacturing process, was it not?

Mr. AUER. No; there are a great many processes entering into it, different processes.

Mr. CLARK. What I was trying to find out was this, if you only found out last week that they would accept it—

Mr. AUER. Yes.

Mr. CLARK. How did you happen to have a large quantity to ship them this week?

Mr. AUER. We can produce 30 tons of that a day.

Mr. CLARK. Yes.

Mr. AUER. And the requirements of the packing houses at Chicago amount to about 40 tons per day.

Mr. CLARK. Yes; and how much does it cost you to manufacture a ton of this?

Mr. AUER. I do not know; we do not know. As I say, up to this point we have been experimenting; we have been sinking a lot of money, and we do not know.

Mr. CLARK. Well, let it go.

The CHAIRMAN. How near is that deposit of yours to the surface.

Mr. AUER. What is that?

The CHAIRMAN. How much excavating does it require to get at your fuller's earth in Alabama; how deep do you have to excavate to get it?

Mr. AUER. Oh, probably 10 feet. It is not a question of excavation.

The CHAIRMAN. Is it near the railroad?

Mr. AUER. Ten miles.

The CHAIRMAN. That is all.

Mr. CLARK. How do you get it to the railroad?

The CHAIRMAN. In wheelbarrows. [Laughter.]

Mr. CLARK. What method of freight do you have?

Mr. AUER. We put it on barges and have tugs and take it to Mobile.

Mr. CLARK. That is where your factory is, or is going to be?

Mr. AUER. No; our factory is located 7 or 10 miles from Mobile.

Mr. CLARK. Is the factory located on the bay or on the river, or where is it located?

Mr. AUER. The factory is located on the bay, or where the property is located—that is, on the property itself.

Mr. CLARK. That would make you 15 miles from your base of supplies?

Mr. AUER. About 7 or 8 miles, I think, from Mobile.

Mr. CLARK. How much do you think it is going to cost you to take a ton of that stuff out of the ground and convert it into a ton of the commercial article?

Mr. AUER. I have no idea; I wish I did.

Mr. CLARK. You might get rich with the whole thing taken off, then?

Mr. AUER. We might, but the probability seems extremely remote, from the amount of money we have spent thus far.

Mr. CLARK. I know, but you have been experimenting thus far.

Mr. AUER. Yes.

Mr. CLARK. You dig that stuff up just as easy as you would so much clay?

Mr. AUER. Yes.

Mr. CLARK. How far is the mine from the place where you put it on the tug?

Mr. AUER. Seven or 8 miles.

Mr. CLARK. How do you get it to the tug?

Mr. AUER. Oh, no, no; the property is on the river. We put it on barges and send it to Mobile.

Mr. CLARK. How do you get it from the hole in the ground to the tug? Do you run it down a chute?

Mr. AUER. Not at all.

Mr. CLARK. Why do you not?

The CHAIRMAN. Do you put it in a wheelbarrow, a cart, or a wagon? How do you get it from the mines out to the boat?

Mr. AUER. I will describe to you the full process whereby that is gotten.

The CHAIRMAN. You need not describe the process; just tell us, and do not take much more time, either.

Mr. CLARK. Do you have to haul it, or do you run it down in a chute?

Mr. AUER. It is hauled, then manufactured, and then hauled again.

Mr. CLARK. How far is it hauled?

Mr. AUER. Perhaps three or four hundred yards.

Mr. CLARK. Why do you not run it down in a chute?

Mr. AUER. Because it has to be manufactured before it is run onto these barges.

Mr. CLARK. Is your factory right at the mines?

Mr. AUER. It is.

Mr. CLARK. Why do you take it 7 miles below Mobile?

Mr. AUER. We take it 7 miles to Mobile, where it is put on cars and shipped north.

Mr. CLARK. You said a while ago, or I understood you to say, that you took it beyond Mobile.

Mr. AUER. I think you misunderstood my observations.

Mr. CLARK. You said it was 10 miles, did you not?

Mr. AUER. Not that I remember.

Mr. CLARK. What I am trying to get at is—if you know anything about it—how much it costs to take a ton of this crude stuff and convert it into a ton of the commercial article.

Mr. AUER. I have no knowledge on that matter at all.

Mr. CLARK. You do not know, then, whether you need a tariff or whether you do not need a tariff to compete with anybody else, do you?

Mr. AUER. We think we need a tariff.

Mr. CLARK. Why, certainly you think so.

Mr. COCKRAN. You are quite sure you desire one?

Mr. AUER. There is no question about it.

The CHAIRMAN. That is all, Mr. Auer.

Mr. AUER. I thank you.

STATEMENT OF JAMES E. MACCLOSKEY, JR., OF PITTSBURG, PA.

Mr. MACCLOSKEY. Mr. Chairman, I represent the Harbison-Walker Refractories Company, of Pittsburg, Pa., a corporation engaged in the manufacture of fire brick and other brick that are used for refractory purposes. Paragraph 87 of the present act states:

Fire brick weighing not more than 10 pounds each, not glazed, enameled, ornamented, or decorated in any manner, \$1.25 per ton.

It does not say what a fire brick shall be assessed at weighing over 10 pounds. The natural presumption, however, is, inasmuch as you state that fire brick weighing not more than 10 pounds each shall be assessed at \$1.25 a ton, a different rate of duty shall apply to fire brick over 10 pounds.

Mr. DALZELL. That question was settled by the courts, was it not?

Mr. MACCLOSKEY. No, sir; it was not. There is a circuit court decision against this contention that I am making. That case has been reopened and is pending in the circuit court or the circuit court of appeals, at present.

Mr. CLARK. What is your contention?

Mr. MACCLOSKEY. My contention is that Congress meant a higher rate of duty for fire brick over 10 pounds; it naturally should fall under article 97, which says:

Articles and wares composed wholly or in chief value of earthy or mineral substances, or carbon, not specially provided for in this act, 35 per cent ad valorem.

I would like to urge upon you in paragraph 87 to state what fire brick weighing under 10 pounds shall be assessed at, and also state specially what fire brick weighing over 10 pounds shall be assessed at.

Mr. CLARK. How much is it assessed for 10 pounds?

Mr. MACCLOSKEY. One dollar and twenty-five cents a ton.

Mr. CLARK. One dollar and twenty-five cents a ton, that is specific?

Mr. MACCLOSKEY. That is specific.

Mr. CLARK. The other is 35 per cent ad valorem?

Mr. MACCLOSKEY. Yes, sir.

Mr. CLARK. How much would that be specific?

Mr. MACCLOSKEY. It would be about \$6 a ton.

Mr. CLARK. About what?

Mr. MACCLOSKEY. About \$6 per ton.

The CHAIRMAN. I think we can fix this now without any trouble. You say the first paragraph is all right, "Fire brick weighing not more than 10 pounds each, not glazed, enameled, ornamented, or decorated in any manner, \$1.25 a ton?"

Mr. MACCLOSKEY. I am going to qualify that.

The CHAIRMAN. That description is all right, is it not?

Mr. MACCLOSKEY. No, sir; it is not.

The CHAIRMAN. That is the present law. What is the matter with that? Let us get at that.

Mr. MACCLOSKEY. Because you do not define what the words "fire brick" mean.

The CHAIRMAN. Has there ever been any dispute about what the words "fire brick" mean?

Mr. MACCLOSKEY. Yes, sir. We have had a very great dispute about that. The importers have been importing a brick costing \$150 a ton into the United States at \$1.25 a ton.

Mr. CLARK. What paragraph is that?

Mr. MACCLOSKEY. Paragraph 87.

Mr. CLARK. Has not the term "fire brick" a well-defined meaning among brick men?

Mr. MACCLOSKEY. Yes, sir.

Mr. CLARK. Then, where is the mystery?

Mr. MACCLOSKEY. The well-defined meaning among fire-brick men is, a fire brick is a brick made from fire clay only.

Mr. CLARK. That is what I thought.

Mr. MACCLOSKEY. Yes, sir. Now, then, the importer wanted to bring in a magnesite brick, which is a refractory brick used for fire-resisting purposes, and as Mr. Webster says,

A refractory brick capable of sustaining intense heat without fusion—

The CHAIRMAN. Do you want to get that magnesite brick in as a fire brick?

Mr. MACCLOSKEY. I want you to define it so that there will be no doubt about it.

The CHAIRMAN. Do you want it to come in as fire brick?

Mr. MACCLOSKEY. No, sir. Here is what I would like to have, briefly. Here is what I suggested. [Reading:]

Clay, fire brick, and silica fire brick used for refractory purposes, weighing not more than 10 pounds each, \$1.25 per ton.

The CHAIRMAN. That does not accomplish your object at all, to put some other article in?

Mr. MACCLOSKEY. That is a semicolon, Mr. Chairman. [Continuing reading:]

weighing over 10 pounds each, 35 per cent ad valorem.

And then I would like to explain why I want the high duty on fire brick weighing over 10 pounds each, on account of the great value, which I will explain in a minute.

The CHAIRMAN. Just give us the rest of the language.

Mr. MACCLOSKEY. The rest is:

Magnesia fire brick, chrome fire brick, and bauxite fire brick, \$7.50 per ton; gas retorts, retort settings, and other articles and wares used for refractory purposes, not specially provided for in this act, 35 per cent ad valorem.

The reason that I am suggesting this is on account of that decision of the circuit court, which stated that a fire brick over 10 pounds, under the similitude clause, should come in at the same rate of duty as a fire brick under 10 pounds. A fire brick over 10 pounds is a very high-grade article. It is made of the most carefully selected clays. They are of huge shapes. Here are some of the fire brick weighing over 10 pounds. This is a Scotch catalogue. You see the intricate shapes of fire brick weighing over 10 pounds. They are all made by hand from carefully selected clays and materials, and they are exceedingly high-priced material. It is therefore a great injustice to have these high-class articles assessed under the similitude clause as fire brick. Therefore I would like to have the committee recommend assessing clay fire brick weighing over 10 pounds each at 35 per cent ad valorem, the way I think Congress really intended.

Mr. CLARK. Can you make these big bricks you are talking about?

Mr. MACCLOSKEY. Oh, hundreds and thousands of them.

Mr. BOUTELL. How high do they go up in weight?

Mr. MACCLOSKEY. Some up to 100 pounds and over. About 700,000 pounds were imported one year ago at Astoria for the gas plant at New York City, that absolutely drove out the domestic manufacturer here. That is one point I would like to make clear, that these clay fire brick and silica fire bricks weighing over 10 pounds each, on account of their high grade, should be assessed either 35 per cent ad valorem or about \$6 a ton specific.

Mr. CLARK. Is that the class you said sold for \$1.25 a ton?

Mr. MACCLOSKEY. No; I am getting to another point. I also stated that the act was defective in that the term "fire brick" is used. As I told you, and as you thought, the term "fire brick" is a well-defined term, meaning the fire-clay brick only, and that is right commercially. Yet, gentlemen, at one time the only refractory brick was a clay fire brick. That was thirty or forty years ago. With the introduction of silica, which is another refractory brick, it is generally spoken of as simply a silica brick, not as a silica fire brick. Then magnesite came along, which is a basic brick, and afterwards chrome. Commercially these are known as fire bricks, meaning clay fire bricks, silica bricks, magnesite brick, and chrome bricks. But, in order to make it absolutely clear, I would like you to have them called clay fire brick, silica fire brick, magnesite fire brick, and chrome fire brick, so that we would be agreeing even with Mr. Webster, and the trade would understand thoroughly what that meant. To give you an idea of this brick, briefly, a clay fire brick you all know. It sells anywhere from about \$12.50 a thousand to about \$23 a thousand. A silica brick, or silica fire brick, is used for about the same purpose, except a little difference that I need not exactly explain. It is manufactured from ganister rock. Large beds of it occur in Pennsylvania, near Harrisburg. You can see those large beds as you go by. The magnesite, or magnesite fire brick, is a brick made from magnesite which is imported from Austria-Hungary. Magnesite is not found in the United States, except a little out in California, which is different

from the Hungarian magnesite. The magnesite brick sells at about \$145 a thousand. Chrome fire brick, which I spoke of, sells at about \$160 a thousand; and I would like to have those bricks clearly defined in the act. The duties which I have suggested I think are fair, because these great retorts and settings that I was telling you about are valued at about \$25 a ton, an average price of fire brick, say, of \$18 a thousand, and there are $3\frac{1}{2}$ tons to a thousand fire brick. So, by figuring that out, you see that the ad valorem weight of duty would be about the same.

Mr. CLARK. You never have told me what you want on that brick which brings \$125 a ton.

Mr. MACCLOSKEY. State that again; \$125 a ton? I have not mentioned \$125 a ton.

Mr. CLARK. I thought you did right in the beginning.

Mr. MACCLOSKEY. I mentioned \$1.25 a ton.

Mr. CLARK. No; what was that high-priced product you spoke about?

The CHAIRMAN. Forty-five per cent, you suggested, did you not?

Mr. MACCLOSKEY. No, sir; I spoke of magnesite—

The CHAIRMAN. Over 10 pounds; what do you want?

Mr. MACCLOSKEY. Thirty-five per cent ad valorem.

The CHAIRMAN. If you have any facts or figures to show why there is any change of duty necessary, give it to us.

Mr. DALZELL. He has already given us some reason for it.

Mr. MACCLOSKEY. I have told you, Mr. Chairman—

The CHAIRMAN. If you have any more, give them to us. Do not take so much time telling me what you have done. Go on and do it.

Mr. MACCLOSKEY. Well, Mr. Chairman, these bricks, weighing over 10 pounds each, that come into competition with the domestic manufacturer, are made principally in Germany. They are made in Germany and in Austria-Hungary. Women are employed there, and they get about 34 cents a day. The men receive about \$1 a day. Many of these bricks manufactured in Germany are located right on the seaboard or right on the rivers. The material can be shipped by water and landed in New York at a less ocean freight rate than the railroad rate of the domestic manufacturer from his plant to the seaboard. I told you about the labor. The labor constitutes about 90 per cent of the cost of this article.

The CHAIRMAN. That is, 90 per cent of the cost of the foreign article?

Mr. MACCLOSKEY. Of the cost of the article here.

The CHAIRMAN. What is the rest of the cost, material?

Mr. MACCLOSKEY. Material. You understand, a fire-brick concern is located generally right where the clay and coal occur. The clay mines and the coal mines are near together, and of course that cost goes; 90 per cent I am estimating includes also the cost of the fuel. I think, Mr. Chairman, that is a very good reason, and I hope so.

The CHAIRMAN. Nine per cent of the cost is labor?

Mr. MACCLOSKEY. Ninety per cent.

The CHAIRMAN. I did not understand that.

Mr. MACCLOSKEY. Ninety per cent. One other point, Mr. Chairman, that I want to bring out, is this: Gas retorts under the present act are assessed at \$3 each.

Mr. DALZELL. Where do they come in?

Mr. MACCLOSKEY. Paragraph 97, I think, Mr. Dalzell.

The CHAIRMAN. I think that is the paragraph myself.

Mr. MACCLOSKEY. Paragraph 97, or the paragraph right opposite it.

Mr. DALZELL. Oh, yes; "Gas retorts, \$3 each."

Mr. MACCLOSKEY. Yes. Now, a little history. The tariff act of 1883 assessed gas retorts at 25 per cent ad valorem, at the instance of the president of the National Fire Brick Manufacturers. In 1890 he demanded a raise in the duty and asked for a duty of \$3 on each retort, which was done. The act of 1894 put an ad valorem duty of 20 per cent on and the present bill went back to the old specific rate of \$3. Since 1890 to the present day gas retorts have changed immensely. They have lengthened out considerably. The gas retort in 1890 was a small concern; now it is a huge thing. I think there are some pictures of it in this book. To give you an idea, the inside dimensions are about 15 inches by 24 and about 20 feet long. They weigh, according to this book, 1,700 pounds. This is a very fine-grade article. It is a high-priced article. It is made of the most select clays, very carefully prepared, and the same remarks that I made in regard to fire brick weighing over 10 pounds apply to these gas retorts. They are made by practically the same people over on the other side, and they come into competition with a domestic manufacturer in precisely the same manner.

The CHAIRMAN. There is a large quantity made here, is there not, in this country?

Mr. MACCLOSKEY. A large quantity is made here in this country, and a large quantity is imported.

The CHAIRMAN. No; not a large quantity imported. In 1907 there were 55 of them imported—\$1,619 worth—and the ad valorem rate of duty was 10 per cent.

Mr. MACCLOSKEY. Just go back a few years more, and in 1905 there were 660 imported; in 1904, 640.

The CHAIRMAN. In 1904, 640, you say?

Mr. MACCLOSKEY. Yes. Here I have the official figures of the Department of Commerce and Labor, briefly, which, Mr. Chairman, I would like to read to you. I will take 1905: Number, 660; value, \$19,457; duty, \$1,980; value per unit, \$29.48; ad valorem rate of duty figured out by the official figures, 10.18 per cent.

Mr. CLARK. You are worse off now than you were before?

Mr. MACCLOSKEY. Indeed I am. That is simply on account of the evolution of industries, the lengthening out of the gas retorts.

Mr. CLARK. How much does one of these things cost?

Mr. MACCLOSKEY. About \$30. The official figures here given by the Department of Commerce and Labor are \$29.48.

Mr. CLARK. That was one case where you jumped out of the frying pan into the fire.

Mr. MACCLOSKEY. Hold on; I did not.

The CHAIRMAN. It went from \$14 to \$29.50?

Mr. MACCLOSKEY. I was in the public schools then.

Mr. CLARK. I am not talking about you individually, but those whom you represent.

Mr. DALZELL. What is it you want?

Mr. MACCLOSKEY. I have suggested an ad valorem rate of duty there of 35 per cent.

The CHAIRMAN. How much?

Mr. MACCLOSKEY. Thirty-five per cent.

The CHAIRMAN. I should think that would suit you.

Mr. MACCLOSKEY. Why?

The CHAIRMAN. The present duty is 10 per cent, and under that the importations have been decreasing from year to year since 1904; in 1904 there were 640; in 1905, 660; in 1906, 146; in 1907, 55. Now, you say you want 35 per cent instead of 10 per cent ad valorem.

Mr. MACCLOSKEY. Congress has stated in paragraph 97 of the act of 1897, "Articles and wares composed wholly or in chief value of earthy or mineral substances, or carbon, not specially provided for in this act, 35 per cent ad valorem."

The CHAIRMAN. We have there put a specific duty on this, and it seems to be almost prohibitive, and now you ask us to increase it three and one-half times.

Mr. MACCLOSKEY. With all due deference, I do not think you knew of the great value of these things when that was done. I want you to correct that for me, Mr. Chairman. I am giving you the information, showing you how high these are and asking you to correct that great injustice. I think that is all I have to say, Mr. Chairman.

The CHAIRMAN. It is 7 o'clock, and the committee will take a recess until 8 o'clock.

(Thereupon, at 7 o'clock p. m., the committee took a recess until 8 o'clock p. m.)

BRIEF SUBMITTED BY HARRY A. AUER, 926 ROSE BUILDING, CLEVELAND, OHIO, COUNSEL FOR THE STANDARD REDUCTION COMPANY.

SCHEDULE B, SECTION 93.—FULLER'S EARTH.

The term "fuller's earth" is used to include a variety of substances that possess strong absorbent properties.—(From United States Geological Survey Report, 1907, on Fuller's Earth.)

Its chemical analysis is as follows:

	Per cent.
Ignition loss.....	11.04
Silica.....	57.62
Alumina.....	22.82
Fe ₂ O ₃	4.78
Lime (CaO).....	1.54
Magnesia (MgO).....	1.44

The United States Geological Survey Report on Fuller's Earth, 1907, states "a chemical analysis is of little value at present as determining its quality; only a practical test suffices."

The action of fuller's earth in bleaching and clarifying is unknown to the chemists. Some claim it to be a chemical action; others hold that it is a mechanical one.

It has many uses and purposes; in India it is used in the refinement of cocoanut oil; in this country it is employed by the large packing houses in the refinement and clarifying of lards and oils, in the manufacture of soap, and the refinement of cotton-seed oil. It also has some uses in the refinement of mineral oils, and is used in connection with the rubber industry.

Fuller's earth was first discovered in the United States at Quincy, Fla., 1893, but since that time there have been discovered other deposits, and in 1907 the following States were producing it: Florida, Arkansas, Georgia, South Carolina, Massachusetts, Colorado, Texas, and Alabama. In 1907 the total production of fuller's earth in the United States was 32,851 short tons, of which Florida produced 69.9 per cent.

Prior to its discovery in the United States the only source of supply was from England, and at present by far the largest and most important deposits are the English.

As stated in the United States Geological Report, the term "fuller's earth" includes a variety of substances that possess strong absorbent properties, and these various fuller's earths not only differ in chemical analysis and physical appearance, but differ greatly in their absorbent properties. Again, earths having the same chemical analysis, the same appearance, will be quite different in their absorption and bleaching powers. Thus, as stated in the Geological Survey report, a chemical analysis of fuller's earth is of little value in determining its quality, as only a practical test suffices.

I now come to the distinction between American and English earths. Until last year the English earth was the only known refining and bleaching agent suitable for the clarifying and bleaching of lards, cotton-seed oils, cocoanut oils, and other food products, as it was the only agent that left neither taste nor smell in the product itself, whereas the American earths, though similar in chemical analysis and physical appearance, were unsuitable in the refinement of food products, since they leave both taste and smell. The field of usefulness, therefore, of the American fuller's earth has been hitherto confined to the refinement of mineral oils, the bleaching of soaps, and as filtering agents of nonfood products, and in this field they are quite equal to the English earth.

But within two years there has been discovered in the State of Alabama a large deposit of fuller's earth, which is owned and operated by the Standard Reduction Company. In the development of their enterprise they have purchased tugs and barges; they operate dredges, and presses, and powdering mills, and electrical processes, and employ many men, from the skilled electrical engineer down to the numerous classes of unskilled laborers.

This deposit owned by the Standard Reduction Company is unlike the other American earths in that its action is identical with that of the English earth, and after many tests by the packing houses their experts have declared the product of the Standard Reduction Company to be equal, if not superior, to the English earth.

Bureau of Statistics, report 1907, Department of Commerce and Labor, shows the following importations (p. 18):

	Rates of duty per ton.	Quantities.
Fuller's earth:		<i>Tons.</i>
Unwrought and unmanufactured.....	\$1.50	3,026.00
Wrought or manufactured.....	3.00	12,228.88
Unwrought or unmanufactured (not specially provided for).....	1.00	30,968.16
Wrought and manufactured (not specially provided for).....	2.00	1,892.80

With this brief sketch of fuller's earth I desire to present certain considerations why the import duty thereon should not be reduced.

In this connection it should be borne in mind that for years past, while there were no known deposits of fuller's earth in this country, and hence no industry of the kind needing the protection of a tariff wall, yet there was a tariff on the importation of this product. With the discovery, however, of American deposits of this earth and the institution of a new American industry to produce and manufacture the earth for commercial uses, there arises a cogent need and distinct reason why the duty heretofore erected as a duty for revenue only should with the advent of the American industry be continued as a protective measure and a shield for the encouragement of this home industry.

I come before you directly on behalf of the investors in this industry and indirectly on behalf of the men to whom this enterprise furnishes employment. We believe that having invested our capital in this industry under the shield of a small protective import duty, we are entitled during the infancy of this industry to a continuance of that protection which existed long before there was any industry in the United States needing its shield. Mr. Sherman, in his speech, in the Senate, March 15, 1872, so completely expresses our situation in the present circumstance that I use his words as expressing our contention, viz:

Every industry that has been called into existence by our policy, every skilled laborer whom we have invited to our shores or encouraged to devote himself to a special employment, every capitalist who has been induced by our laws to invest his money in industrial pursuits, every hamlet, village, and city that has been built by reason of our protective laws, every community of farmers or laborers or shopkeepers, whose industry has been employed by reason of our policy, may demand of us that any changes in our laws shall be made with careful reference to the industry, capital, and skill that have been thus encouraged, invested, or employed in the development of our policy.

And since this legislative policy has called into being this infant industry, whereby the consumers of its product are furnished with their requirements without the delay and vexations incident to foreign importation, and whereby employment is given to many skilled and unskilled laborers in the South, we feel that we are both right and reasonable in asking that the protective shield be not lowered.

I now come to the consideration of the question of the differentiation in the import duty on unwrought and wrought earths. The act provides, "Fuller's earth, unwrought and unmanufactured, one dollar and fifty cents per ton; wrought or manufactured, three dollars per ton." I assume that the rationale of this distinction rests in the inducement thus offered to import the clay in its crude state at a lower

duty and to insure to the American laborer the benefit of employment in advancing it from its crude condition to that of a finished product fit for the purposes of commerce.

This leads us to the question of what is meant by "wrought" and "unwrought," "manufactured" and "unmanufactured." If it be the legislative intentment that unwrought and unmanufactured shall contemplate the clay in its natural state, unaltered and unadvanced by processes of manufacture and refinement, so that the labor of changing it from its crude to its finished state shall be performed after its importation, it necessarily follows that an administrative or judicial interpretation of "unwrought" and "unmanufactured," which shall allow the importation of the clay at the lower rate of \$1.50 per ton notwithstanding it may have gone through a number of processes of manufacture and advancement, stopping short only of complete manufacture, not only defeats the legislative intentment that the advancement shall be accomplished by American labor, exactly to the extent that it has been advanced beyond its crude and natural state prior to its importation, but also operates as a direct and palpable evasion of that portion of the act imposing a \$3 duty upon manufactured or wrought earth. For if clay which is imported in a partly manufactured state, reserving only a small amount of finishing after its importation, can be classed as unwrought and unmanufactured, then not only is the legislative intentment of securing to the American laborer employment in advancing the clay from its crude condition defeated, but the duty of \$3 per ton on manufactured and wrought earth is evaded and made ineffective.

What is the fact as to the administrative construction of the distinction between wrought and unwrought, manufactured and unmanufactured? On the 10th day of November, 1908, writing from my office in Cleveland, Ohio, I requested the Assistant Secretary of the Treasury to advise me "as to the distinction between fuller's earth designated as 'wrought' and that designated as 'unwrought,' as I am credibly informed that clay imported under the designation 'unwrought' is identical in all respects with that imported under the designation 'wrought.'"

In reply to my inquiry of November 10, I received a significant letter from the Assistant Secretary of the Treasury, Mr. Reynolds, a copy of which is as follows, viz:

DIVISION OF CUSTOMS.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington November 14, 1908.

Mr. HARRY A. AUER,
926 Rose Building,
Cleveland, Ohio.

SIR: The department is in receipt of your letter of the 10th instant, further in regard to the classification of fuller's earth, in which you request to be advised as to the distinction between fuller's earth wrought and unwrought. As stated in the department's letter of the 5th idem, fuller's earth is classified under paragraph 93 of the tariff act, which provides that if it is imported unwrought and unmanufactured it is dutiable at \$1.50 per ton, and if wrought or manufactured, at \$3 per ton.

The department is unable to inform you definitely where the line of demarcation is drawn between unwrought and wrought, as the Board of United States General Appraisers and the courts have held in various cases that the clays and earths provided for in this paragraph are still unwrought or unmanufactured.

tured within the meaning of the paragraph, notwithstanding they have been advanced beyond the crude condition.

If you will forward to the department samples of fullers earth, it will advise you as to the proper classification of merchandise similar thereto.

Respectfully,

J. H. REYNOLDS, *Assistant Secretary.*

So that it thus appears from the admissions of the department that not only is earth and clay admitted under the lower duty, even though European labor has been employed in its partial manufacture, but that the department "is unable" to draw "a line of demarcation between wrought and unwrought." Thus, as far as the department is concerned, clay manufactured in Europe up to the point of grinding may be admitted as unwrought, and if the department is unable to draw the line of demarcation shall that line be drawn by the European manufacturer with every motive of self-interest and personal gain to declare clay as unwrought which only falls short of being manufactured by a single process?

I have no fault to find with the theory of the legislative differentiation between wrought and unwrought, as economically it is theoretically sound. Nor would I cast any strictures on the efforts of the department in administering the legislative provisions. If the department is unable to draw a line of demarcation between wrought and unwrought, it is, I am convinced, not because of any fault on the part of the department, but the reason is found in the very nature of the clay itself, which undergoes in its manufacture so few apparent changes that no inspector or appraiser who is not a scientific chemist of considerable experience with the nature of fuller's earth and its manufacture can possibly tell by examination to what extent the clay has been advanced.

The thought may suggest itself to the committee that this may be entirely remedied by defining unwrought and unmanufactured to be the clay in its natural state unadvanced by any processes or labor beyond its crude and raw state. Responding to this suggestion as a possible solution, I believe it to be impractical, for the reason that the clay as found in its original state in nature may be put through the plunging mill, may be submitted to the electrical processes, and then through presses, and then calcined, and if declared by the manufacturer to be unwrought and unmanufactured it would be impossible for an inspector or appraiser to detect such nearly finished clay from that as found in its crude state, for the changes are intangible and invisible even to the expert chemist and can only be known by him upon testing the clay with lards and oils.

It therefore appears to me that the provision as to differentiation between wrought and unwrought can only serve as a means to evade and to defeat the import duty, and the only remedy that suggests itself is to provide a uniform duty of \$3 per ton on the clay whether wrought or unwrought.

I now come to the third and last consideration on this subject, and in this connection I desire to call attention to the first provision of section 93 of the Dingley Act, viz: "Clays or earths, unwrought or unmanufactured, not specially provided for in this act, one dollar per ton; wrought or manufactured, not specially provided for in this act, two dollars per ton."

At this point let us inquire for a moment in what respect these clays differ from fuller's earth, for which a higher duty is provided? This same question I propounded to Mr. Montgomery, chief of the customs division, on November 21, and in reply he stated to me that the customs bureau could not tell wherein such clays differed from fuller's earth, or whether in fact they did differ at all. He further stated in response to my query that it was entirely possible under the **act as present constituted** that the foreign importer may have declared his clay as that not specially provided for, whereas in fact it may have been fuller's earth, and the collector of customs not know the difference. This is possible by reason of the fact that there are other clays so closely resembling fuller's earth physically and chemically that detection is not possible except by testing them in the refinement of oils. I refer again to the United States Geological Survey report on fuller's earth, 1907, by F. B. Van Horn, in which this peculiarity is mentioned: "A chemical analysis is of little value at present in determining its quality; only a practical test suffices." The Daily Consular and Trade Reports of the Department of Commerce and Labor, on Thursday, November 19, 1908, page 5, being a report from our consul at Edinburgh, as follows, viz: "There are many varieties of this material, varying both in chemical composition and in physical qualities, and while the former is well known from the result of analysis, the latter have never been clearly understood. Consequently chemical analyses are of comparatively little value in determining for what purpose the earth is suited, which can only be ascertained by practical experiment and experience."

In view, therefore, of the baffling similarity in chemical analysis and physical appearance existing in reference to fuller's earth, and to earths and clays not specially provided for; in view of the department's confessed inability to distinguish between them (an inability not due to departmental neglect or ignorance, but inhering in the very nature of the substance itself): in view of the fact, as stated in the Geological Survey report and the report from the consul at Edinburgh, that the physical qualities vary greatly and the chemical analyses furnish no criterion, we contend that every opportunity and inducement is offered to the foreign importer to declare fuller's earth as an earth not specially provided for, and subject to the lower duty imposed on such earth.

A scrutiny of the report of importations and duties collected thereon, for 1907, as published by the Bureau of Statistics, Department of Commerce and Labor, decidedly confirms our suspicions as to this evasion. Page 18 of the report as to fuller's earth is as follows, to wit:

Fuller's earth.

	Rate.	Quantities.
		<i>Tons.</i>
Unwrought and unmanufactured.....	\$1.50	3,036.00
Wrought or manufactured.....	3.00	12,228.83
Unwrought or unmanufactured, not specially provided for.....	1.00	30,998.16
Wrought or manufactured, not specially provided for.....	2.00	1,892.83

Thus it appears from this governmental report that fuller's earth to the extent of over 32,000 tons is imported under the classification of "Clays not specially provided for."

What is the remedy? Manifestly, administrative measures for the effective relief of this situation seem to be admittedly impossible. There remains, however, legislative relief, and on behalf of the American producers of this commodity we ask that article 93 of the tariff act be so amended as that the clays and earths first enumerated in article 93 as "not specially provided for" be subjected to the same duties as fuller's earth, being \$3 per ton, without any differentiation wrought and unwrought.

While we who have been interested in the production of fuller's earth to compete with the English earth, and the packing interests that have hitherto been compelled, through lack of American competition, to submit to the exactions of the English syndicate, have been fully aware of the powerful English combination controlling and owning the only source of supply hitherto known as suitable for use in connection with the refinement of vegetable and animal oils and other food products, it was with much surprise that I noted in the Washington Evening Star of November 20, 1908, an account of the English fuller's earth trust, as reported by our consul-general, Robert J. Wynne, of London. I read from the Daily Consular and Trade Reports, Department of Commerce and Labor, of Thursday, November 19, 1908—Mr. Wynne's report—as follows, to wit:

Deposits of fuller's earth exist chiefly at Bath, Nottinghamshire, and Maxton, in Scotland, in addition to the deposits in the London district, the proprietors of the latter refusing to give any details.

The consul of Bristol was applied to for any information he might be able to obtain as to the deposits in Bath. He made a special journey to that city for the purpose of learning the methods of working the deposits there, but the proprietor of the principal works stated that his method was a secret process known only to himself, and absolutely refused to give any further information regarding his process, which he stated he himself attended to in a private laboratory to which no one but himself had ever had admittance.

The fuller's earth industry is practically controlled by a combine which strictly preserves the methods of preparation of the earth, the final process being known to only one or two persons, from whom no information can be obtained.

In bringing my remarks to a conclusion we contend:

First. That in its early infancy this American industry, which relieves the American consumer from the arbitrary exactions of a monopolistic foreign trust and in which American capital has been invested under a protective policy, is both right and reasonable in its demands that the duty hitherto instituted at a time when there was no American industry to protect be now continued as a shield against the aggressions of this powerful foreign trust.

Second. That the confessed inability of the executive department, by reason of the very nature of the product itself, to draw a line of demarcation between wrought and unwrought fuller's earth operates as a direct evasion of the legislative intentment in making such a differentiation and defeats the very import duty imposed on such wrought earth, thereby furnishing the most cogent reason why the distinction should be abolished; the reason for the rule ceasing, so also should the rule, and we ask that the duty of \$3 per ton be ap-

plied to all fuller's earth, whether wrought or unwrought, manufactured or unmanufactured.

Third. That by reason of the similarity in chemical analyses and physical characteristics between fuller's earth and "earths and clays not specially provided for," whereby the department is confessedly unable to determine whether earths not specially provided for are not in fact fuller's earths, and is obliged to accept the declaration of the foreign importing trust, with its every motive of gain and self-interest to so declare, an easily earned premium is placed upon misrepresentation and evasion by the foreign importer. We therefore ask that the duty of \$3 per ton be extended to include "clays and earths not specially provided for," whether wrought or unwrought, as well as to include fuller's earth proper, as by this means alone is it practically possible to make effective the duty of \$3 per ton on fuller's earth, which, we submit, reason and justice to this American industry and its employees' demand should be retained.

As to the formulation of this proposed legislative protection I have no particular formula, but merely by way of suggestion, to embody my contention in concrete form. I offer the following, to wit:

Clays or earths.

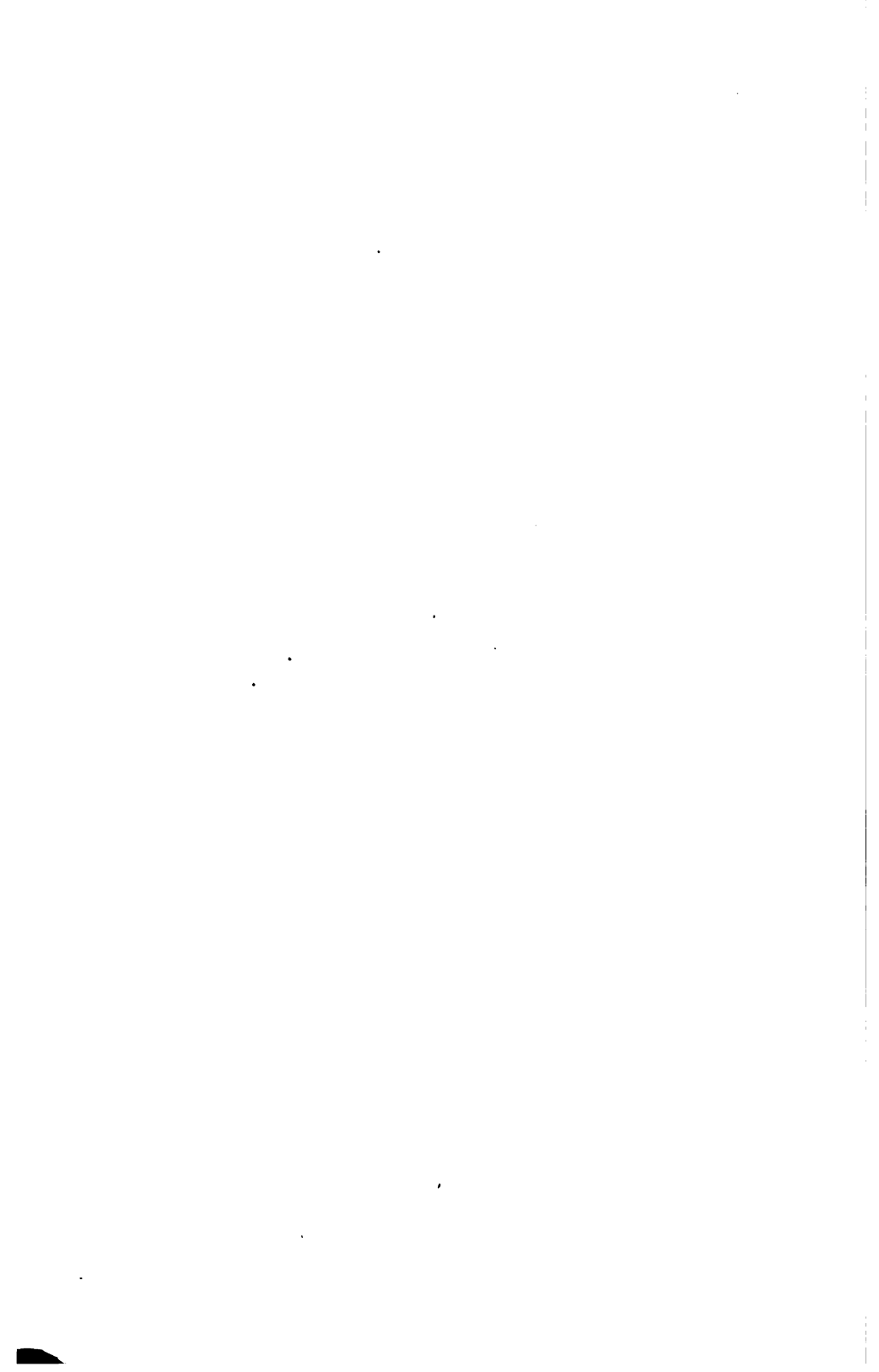
98. Clays or earths, whether wrought or unwrought, manufactured or unmanufactured, not specially provided for in this act, including fuller's earth, whether wrought or unwrought, manufactured or unmanufactured, a duty of \$3 per ton.

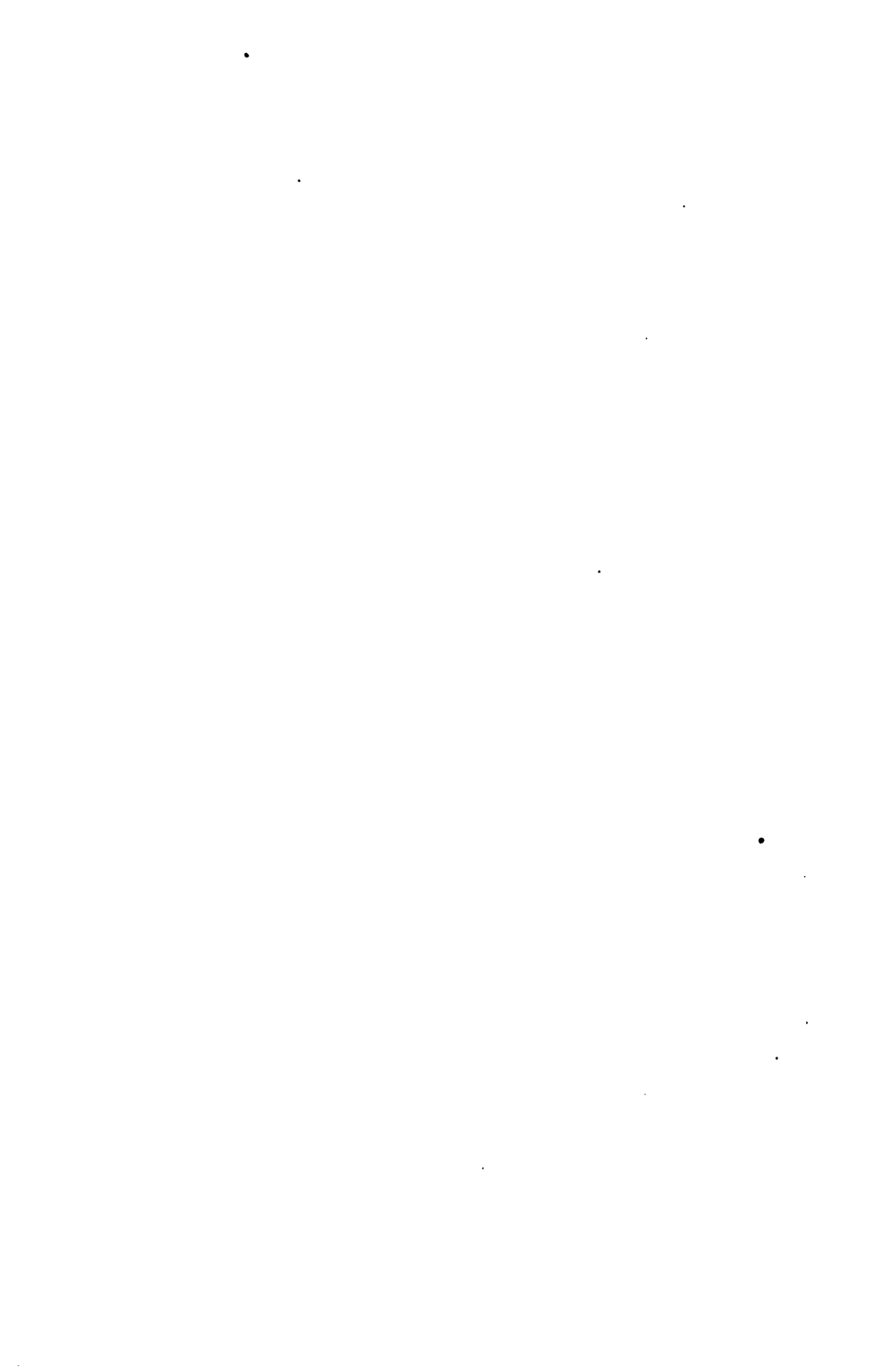
As to other clays, such as china clays, kaolin, limestone rock asphalt, etc., contained in section 93 of the present tariff act, we have no contentions or representations to offer.

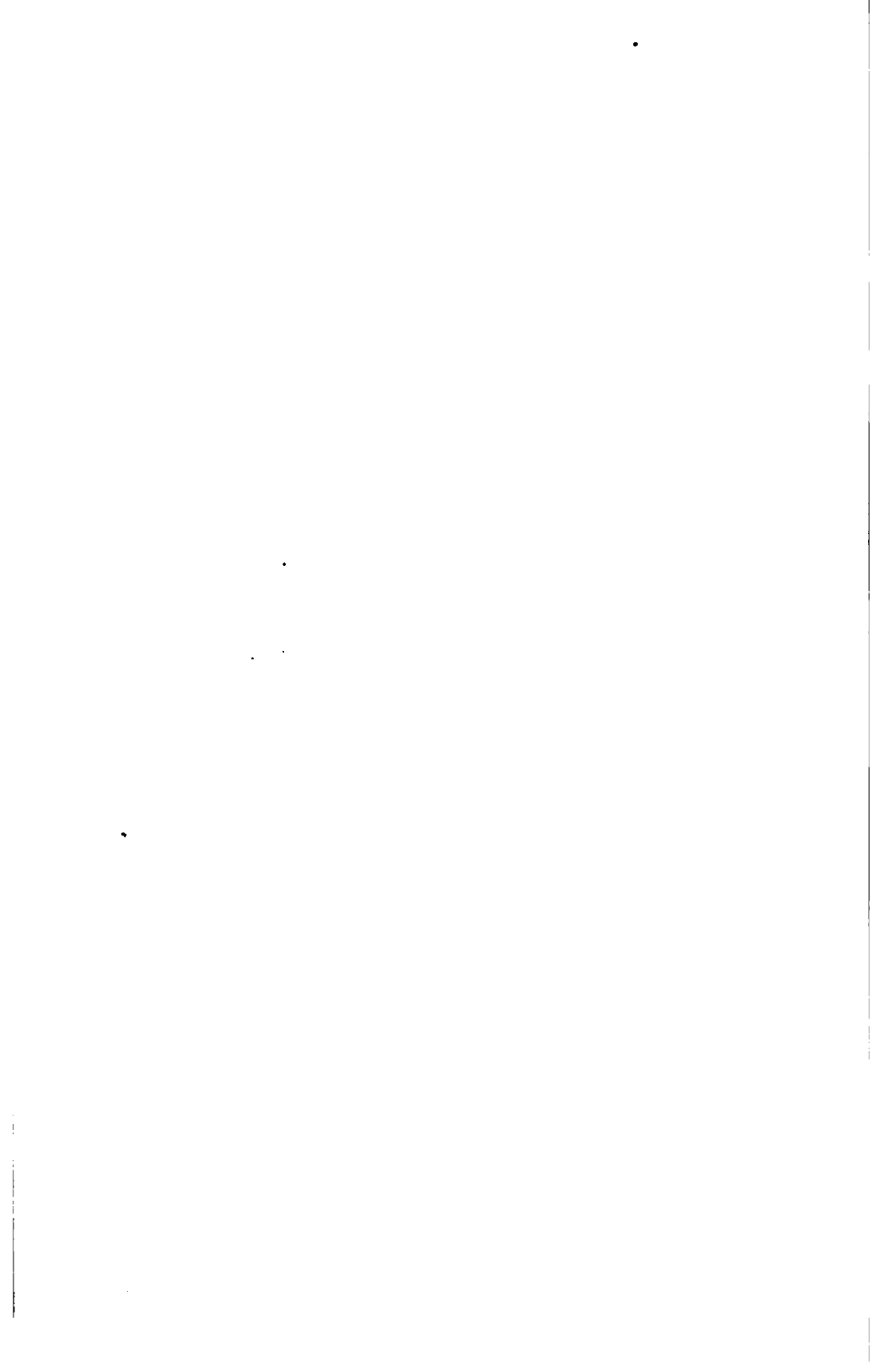
Respectfully submitted.

HARRY A. AUER,

Attorney for the Standard Reduction Company of Alabama.









TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

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(EVENING SESSION.)

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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

**JOHN DALZELL.
SAMUEL W. MCCALL.
BENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.**

**NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. FOU.
CHOICE B. RANDELL.**

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

EVENING SESSION.

COMMITTEE ON WAYS AND MEANS,
November 23, 1908.

The committee reconvened at 8 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

STATEMENT OF BERNARD P. TRAITEL, OF NEW YORK CITY.

The CHAIRMAN. You may proceed, Mr. Traitel.

Mr. TRAITEL. On behalf of the Tile, Grate, and Mantel Association of New York City, all the members of which are tile merchants, doing business in Greater New York and throughout the United States, I am here to request that quarries which are of brick production and made of unwashed clay by brickmakers, and which have been assessed for duty under paragraph 87 as a brick product at 25 per cent ad valorem, remain under this same paragraph.

Mr. HILL. What is that, please?

Mr. TRAITEL. I request that quarries which are of brick production and made of unwashed clay by brickmakers, and which have been assessed for duty under paragraph 87 as a brick product at 25 per cent ad valorem, remain under this same paragraph. Our object for asking that it remain under this same paragraph is that an effort has been made to remove it from the classification as a brick product into that of tile.

The CHAIRMAN. You want it to remain under paragraph 87 or to go under the brick paragraph? The courts have decided it belongs to the brick paragraph?

Mr. TRAITEL. Yes, sir; and I would like to have it remain under that paragraph. If the gentlemen would like to see what the article is, I have a sample here, which I will show you if you care to see it.

The CHAIRMAN. I would like to see it.

Mr. TRAITEL. The clay is taken from the pit in its unwashed state and made into this form, while to manufacture tiling the clay is washed so it can be pressed, and goes through an entirely different process.

Mr. UNDERWOOD. For what purpose is this used?

Mr. TRAITEL. It is used for a great many purposes.

The CHAIRMAN. Is that an expensive article to manufacture? Is it as expensive to manufacture as tile?

Mr. TRAITEL. No, sir; it is one of the cheapest products on the face of the earth.

The CHAIRMAN. It is?

Mr. TRAITEL. Yes, sir. I would like to say in connection with this that a decision of the United States circuit court for the southern

district of New York, June 1, 1904, which has been acquiesced in by the Treasury Department, has placed these quarries under the classification of brick.

These quarries are known in literature as "kitchen" quarries and are almost universally used to pave floors of kitchens and living rooms in the humblest cottages. In the place of their origin they are about the cheapest thing on the face of the earth that can be put upon a floor. As I stated before, they are made of unglazed brick clay. Their use for these purposes secures cleanliness and sanitary conditions better than any other kind of paving. By their rich red color they give a very cheerful air to the rooms in which they are used.

There are, however, several reasons why they are greatly increased in cost when shipped abroad. Whereas quarries for use in the country of origin are placed in open railway trucks without any kind of packing except a little hay or heather or straw, it is necessary, to convey quarries safely across the ocean, to pack them tightly in crates. Crate stuff and packing costs at least 41 per cent of the selling price of the goods before they arrive at the port of New York.

However, as quarries are made like bricks, with undressed clay, it is necessary to make them very thick in order to secure the necessary strength. On an average they are made double the thickness of tiles. They are thus double the weight of tiles for a given superficial area. The cost of conveyance from the works to New York amounts to 58 per cent of the selling price at the works.

A total of 99 per cent of the original cost of the quarries, therefore, is added to their selling price by the natural and unavoidable conditions of the trade. In other words, the cost of the quarries laid down in New York is by this means and by other incidental expenses of shipment more than doubled when they arrive in this country.

As no use can be made of the crates when emptied, it is impossible to reduce these heavy expenses.

We ask that the crates be made free of duty, because they are utterly worthless and useless after the quarries are taken from the crates. You will remember, gentlemen, that formerly packing and crates were free—I do not mean especially as applied to quarries, but all other things—until foreign makers began sending ornamental crates to this country. Then crates were assessed as dutiable. As these crates, however, are absolutely useless and of no value after the quarries are taken from them, we ask that the crates be made free of duty.

A duty of 4 cents per square foot on quarries, which would be a little over double their present duty, would equal 105 per cent of their original selling price, and, together with the expenses which I have mentioned before, would raise the cost of the goods landed in New York by over 200 per cent. A tariff of 25 per cent ad valorem as bricks, without adding the cost of necessary packages to the selling price of the quarries, would increase their original cost by over 125 per cent, and if packing expenses are added to the selling price of the quarries for tariff purposes at 25 per cent ad valorem the cost would be raised by 135 per cent.

For these reasons we ask that quarries be assessed as at present, to wit, 25 per cent ad valorem and without any duty on the cost of the packing.

Mr. DALZELL. Do you want to import crates?

Mr. TRAITEL. We have to. We can not help ourselves. Otherwise the quarries would smash to pieces coming over the ocean. Each piece, you understand, weighs about 10 pounds.

Mr. DALZELL. What are the importations of this article?

Mr. TRAITEL. They come packed in crates holding about nine, and come over here in quite large quantities.

Mr. DALZELL. During the last year how much was imported of this quarry?

Mr. TRAITEL. I could not give you that exactly.

The CHAIRMAN. I can give it here. In 1907 tiles, plain, unglazed, one color, \$17,866; glazed, not exceeding 40 cents per square foot, \$34,064; glazed, exceeding 40 cents per square foot, \$6,224.

Mr. TRAITEL. That does not mention quarries.

Mr. DALZELL. Those are not quarries.

Mr. HILL. Those are tiles.

Mr. DALZELL. What is the production in this country?

Mr. TRAITEL. No tile maker makes quarries in this country, nor does any brick maker that we know of, nor does any tile maker in the world make quarries. In this country roofing-tile makers have tried to make them, but have had practically no success. These came in classed under brick classifications. They must come under Schedule B, 87.

Mr. DALZELL. You want to keep them just as they are and get rid of the packages?

Mr. TRAITEL. That is the idea, and in order to get rid of the contention in coming through the ports. That is the decision of the United States circuit court in the case to which I referred just a few months ago.

The CHAIRMAN. There are \$150,000 of bricks imported of all kinds. That would include quarries, fire bricks, and everything?

Mr. TRAITEL. I doubt if the importation of quarries was \$10,000.

The CHAIRMAN. The statistics show "brick other than fire brick, nonglazed, and brick other than fire brick, glazed," about \$56,000.

Mr. HILL. You desire to import these?

Mr. TRAITEL. Yes, sir; as we have been importing them, under the brick classification, without any change, except as to having the crates come in free of duty.

Mr. UNDERWOOD. Do you want quarries especially designated in this?

Mr. TRAITEL. In No. 87, under brick; yes, sir.

The CHAIRMAN. You may proceed with your remarks now, Mr. Traitel.

Mr. TRAITEL. I now desire to direct the attention of the committee to paragraph No. 88, on tiles.

We request that the duty on tiles be imposed about as follows:

Tiles, plain, unglazed and ceramic mosaic of one color, 2 cents per square foot; glazed, encaustic, vitrified nonabsorbent, embossed, enameled, ornamented, hand painted, gold decorated, and all other earthenware tiles valued at not exceeding 50 cents per square foot, 8 cents per square foot; exceeding 50 cents per square foot, 10 cents per square foot.

The committee will observe that we have omitted under this paragraph, paragraph 88, the words "semivitrified, flint, and spar." Such

general trade designations of tiles do not exist in Europe or in this country. They were put in the tariff originally by manufacturers without the knowledge or consent of the trade. They never knew the first thing about it until it was in there. We ask to have those taken out to prevent contention and because they mean nothing. Such general trade designations, as I have just mentioned, do not exist, there being no tile manufactured known as spar tile, flint tile, or semivitrified tile. Tile must be either vitrified, which means nonabsorbent, as the name implies, absorbing no ink or acid, or must be plain, unglazed absorbent. The common, plain, unglazed tile of England and France and Germany and this country is generally absorbent.

A tariff of 8 cents per square foot, which has been the tariff on foreign plain, unglazed tile, not vitrified, of one color, is a hardship, as these tiles hardly enter into competition with our manufacturers, being selected as a rule for their individuality of color and durability. We believe that a duty of 2 cents per square foot will enable some of them to be used and not prevent the use of American tiles.

In this connection I should like to say that our merchants, up to two years ago, notwithstanding this tariff, found that these goods were not classed under a duty of 8 cents per foot, but, as a matter of fact, 4 cents a foot. At the appraiser's department there suddenly developed the duty of 8 cents a foot, and it went under the classification of either spar, flint, or semivitrified.

There is no such thing as flint in any of these tiles—that is, no such part. Spar tile is unknown, as I have said before, and semivitrified does not exist. It must be vitrified, which is nonabsorbent, or else absorbent. For these reasons we wish these words left out entirely, so as to save us constant friction and contention with the appraiser's department in New York.

We have also omitted from this paragraph 88 the words "exceeding two square inches in size," and we have also taken ceramic mosaic from the clause, "glazed, ornamental, and so forth," as we desire to have ceramic mosaic, which is from one-half inch to 1 inch in size, and a very cheap product commonly used by the masses, placed under the head of unglazed tiles, and bear a duty of 2 cents per square foot.

I will suggest to the committee our reason for asking this. First, I should like to show you some of these tiles, perhaps already familiar to you. They come in square and round shapes, but the shape has nothing to do with the price.

Prior to the time of the Dingley bill the tariff was 25 per cent ad valorem. Under this dealers paid from 13 to 15 cents per square foot for the product, loose in barrels, delivered at the port of New York, including the duty. The present tariff is 8 cents per square foot, and has practically prevented the importation of this ceramic for many years past, as the cost to the dealers is now 19 cents per square foot and upward. Immediately following the imposition of the present duties the manufacturers in this country charged 20 to 24 cents a square foot for ceramic. Under such prices some ceramic was imported. However, the American manufacturers soon found that they could not maintain this minimum price of 20 cents per square foot, and hence they reduced the price to 16 cents per square foot. Following this reduction the importation of ceramics ceased. During the present year the price of the domestic ceramic was reduced to a

minimum of 12 cents per square foot for first qualities and 8 cents per square foot for second quality.

It is manifest that goods which can be sold at 12 cents per square foot do not need a protection of 8 cents per square foot. Two cents per square foot, in addition to the natural protection of freight and packages, will be ample protection and would enable dealers to import some ceramic.

I want to say, in connection with the importation of this ceramic, that where white is used it is practically an impossibility to import it, because it is not made on the other side. They have never made white ceramic, but they do make colors which are exceptional in their beauty and interest, and architects prefer those colors; and all our producing of American colors has no effect on them. They still insist on those imported colors, and owing to the intense competition in this country, they are not willing to pay any more for it. So the dealers or merchants, as we are—and I am one of them and know from experience—are up against it.

If the duty of 2 cents per square foot were applied, it would not injure the American manufacturer, as the delay in importing, together with the cost of carrying stock, interest on invested capital, and so forth, would make the cost of the imported ceramic at least 25 per cent higher than the present price of domestic product.

The committee will also observe that we have increased the value of the tiles on which an excess duty is charged, the increase being from 40 to 50 cents per square foot. This is necessary in order to bring the various parts, such as bases and caps used in connection with glazed wall tile, under the same rate as the plain glazed wall tile. I will endeavor to illustrate this, if you do not object. I hold in my hand a sample of what we will call plain glazed wall tile. Wherever wainscoting is desired, whether in the hallway, bath room, or elsewhere, most architects call for what is known as a base. I now hold in my hand what is called a sanitary base, because it is curved. These architects also call for a finishing item called a cap. This which I now hold in my hand is intended for hospital use. I do not believe it was the intention of Congress to place these parts under a separate duty, when the whole thing is intended to be used together. We think, in asking this slight change, it will do much to rectify this apparent oversight on the part of Congress, and prevent confusion and contention in the future.

The CHAIRMAN. Does that curved form require a higher duty?

Mr. TRAITTEL. It does.

The CHAIRMAN. Does it cost more to manufacture?

Mr. TRAITTEL. It costs more to manufacture; yes, sir.

The CHAIRMAN. What percentage more does it cost?

Mr. TRAITTEL. I think in imported goods it costs about 20 or 21 per cent more.

The CHAIRMAN. What is the rate of duty on the plain article?

Mr. TRAITTEL. On plain glazed tile, 8 cents per square foot.

The CHAIRMAN. And what was it on the other?

Mr. TRAITTEL. All goods over 40 cents, 10 cents a square foot, and 25 per cent ad valorem. That is the change desired.

The CHAIRMAN. Some of these are made in more ornamental shapes—the caps, for instance?

Mr. TRAITTEL. Yes; costing no more than any other part, whether plain or ornamental. They make the ornamental with a die, and the ruling prices are no more for the ornamental parts than for the plain.

We have also omitted in this connection the 25 per cent ad valorem on tiles valued at over 50 cents per square foot, now 40 cents per square foot, and have left the specific duty of 10 cents per square foot, which we believe is ample protection.

It is our opinion that the changes and revisions asked for by us will increase the use of tiles, thereby giving employment to many additional mechanics and workmen setting tiles in buildings, and that the changes or simplifications of the schedules which we have requested will aid in increasing the revenues and will in no way be detrimental to the American product.

I would like to say also in this connection that the Tile, Grate, and Mantel Association, of New York City, represents 90 per cent in volume of the business of setting tiles in buildings in Greater New York, and they also do work all over the United States.

Mr. GRIGGS. What per cent would this increase the cost of tiling?

Mr. TRAITTEL. Increase it?

Mr. GRIGGS. Are you asking for a reduction of the tariff?

Mr. TRAITTEL. We are asking for a reduction of the duty on these particular styles called bases and caps, but we do not ask for any change on the plain glazed tile.

Mr. GRIGGS. I misunderstood you, apparently.

Mr. TRAITTEL. We do ask for a reduction of duty on floor tile.

Mr. GRIGGS. You ask to put crates on the free list?

Mr. TRAITTEL. Yes, sir.

Mr. GRIGGS. On what was that crating?

Mr. TRAITTEL. That is on the first article, quarries. Would you like to know what difference that would make?

Mr. GRIGGS. Yes.

Mr. TRAITTEL. The crating cost 41 per cent of the market price of the goods on the other side.

Mr. GRIGGS. The crating is 41 per cent?

Mr. TRAITTEL. Yes, sir. That should make a most decided decrease in the cost of the goods to the consumer. As to the consumer, I would like to say this, if I may be permitted, that I believe this is the first time and the only time that the consumer of the United States has spoken with the dealers who supply the consumer direct. We are not only representing the merchants, but we are representing the consumer, inasmuch as we purchase the tile for the houses of the consumer and we give the consumer in our business every benefit, wherever there is a reduction in cost, so much so that the manufacturers of the United States have denominated the dealers of the United States as a lot of fools for giving the consumers everything. It may be competition, but we are doing it, because we come closer to the consumer.

Mr. GRIGGS. That is what I wanted to understand.

The CHAIRMAN. Is there anything further, Mr. Traitel?

Mr. TRAITTEL. I do not think so. I would like to suggest, however, that the majority of the tile we set is American tile. It will continue to be American tile. We favor American tile, but this helps with us the sale of American tile. It is a very small feature, perhaps, of the customs returns of the country, but we believe it will increase the

customs returns. If we import more of that tile, I believe it will have that effect.

STATEMENT OF MR. H. L. SHEPHERD, OF ROCKPORT, ME.

The CHAIRMAN. The next subject for consideration is lime, under paragraph 90. We will hear from you now, Mr. Shepherd.

Mr. SHEPHERD. Mr. Chairman and gentlemen of the committee, I am here representing the lime manufacturers of Maine. We ask that the duty remain as it is now for this reason: Several years ago we had a large percentage of the Dominion market—that is, we shipped large quantities of lime there up to about 1880. In 1880 they began to improve quarries and build modern kilns—and by the way, at that time there was a specific duty on lime of 10 per cent, but no duty on lime shipped to the provinces—that is, they imposed no duty.

After they developed their work down there, they immediately placed a duty of 20 per cent, which threw us out of that market absolutely. They increased their capacity so that in about 1883, if my memory serves me correctly, they imported into this country about 5,000 barrels of lime. From that time up to about 1889 they increased to 310,000 barrels.

It was not a question of how much lime they could sell in this country and displace our lime, but a question of how much they could produce and get onto the market, because it was good lime and found a ready sale.

When the McKinley bill was pending we asked for a duty of 8 cents a hundred pounds. The duty was fixed in the bill at 6 cents per hundred pounds, which was equivalent to about 13½ cents per barrel as we put it up in those days. A barrel then usually weighed about 225 pounds. At the present time it is 200 pounds, so the duty actually to-day would be less. When the Wilson bill was pending the lime was placed on the free list in the House, but changed by the Senate Finance Committee after thoroughly investigating the matter and going into it quite in detail to 5 cents per hundred pounds, making the present duty at that time 10 cents a barrel. When the Dingley bill was being prepared we discussed the matter thoroughly and concluded inasmuch as they were gradually decreasing their imports, and we were getting our markets back to quite a marked degree, we would not ask for any change at that time. For that reason we are asking no change at the present time, notwithstanding the fact that under the present rate Canadian people are supplying the northern part of our State. In fact, they are supplying the whole of Aroostook County and a large portion of Penobscot County.

The conditions remain to-day and all the reasons exist to-day that existed then why the duty should remain as fixed in the Wilson bill and in the McKinley bill.

With reference to the duty on lime, I repeat the situation remains to-day practically as it was in 1894, when the Wilson bill was pending, except that in 1900 the Rockland-Rockport Lime Company was organized and acquired the property of several of the leading manufacturers that owned and operated at that time some 80 kilns. Other manufacturers in Knox County own 46 kilns—but I do not care to burden the committee with a list of their names at this time—a large propor-

tion of which have been in operation during the past two years. I simply make that statement to show the difference existing. The competitors or outsiders have 96 kilns, and we have 80, or less than half.

In the past nine years the Rockland-Rockport Lime Company have produced lime as follows: In 1900 the output was 1,095,936, and we had a capacity of 2,948,400, or nearly 3,000,000.

In 1901 our output was 1,395,920; in 1902 the output was 1,312,834; in 1903 the output was 1,636,573; in 1904 the output was 1,418,311; in 1905 the output was 1,663,416; in 1906 the output was 1,673,613; and in 1907 the output was 1,148,949, having had during all that time practically the same producing capacity, showing we are not producing half of our capacity. The other parties produced in about the same proportion we did. The Rockland-Rockport Lime Company, by exercising the utmost economy, has barely been able to take care of the interest on its bonded indebtedness of \$2,000,000. It has paid no dividend on its preferred or common stock in the past five years.

We most respectfully refer the committee to the statement of the Carson Lime Company, of Riverton, Va.; the Moore Lime Company, of Richmond, Va.; the joint statement of the Moore Lime Company, of Richmond, Va.; and the Carson Lime Company, of Riverton, Va.; and the affidavit of Hollis M. Kirkpatrick and Richard Rankin, of Rockland, Me., all of which were presented to the Finance Committee in session during the winter of 1894. We also refer the committee to the affidavit of S. E. & H. L. Shepherd Co., of Rockport, Me., and the statement of the Knox County lime manufacturers, addressed to the Ways and Means Committee, and to the files of the Ways and Means Committee of 1898, and we especially call your attention to the fact that the McKinley bill placed a specific duty on lime of 6 cents per hundred pounds, and that the Wilson bill reduced the rate to 5 cents per hundred pounds, which was continued in the Dingley bill.

We see no reason why the rate should be decreased at the present time, especially so from the fact that the Canadian lime manufacturers are supplying practically all the lime there is used in the eastern part of the State of Maine. Should the duty be decreased in any particular it would not only be injurious, but ruinous to all New England producers, as it would enable foreign lime to be imported into this country at a price which would make it practically impossible for the New England manufacturers to continue the business successfully.

At the present time we are advised that the wages paid in Canada for ordinary labor are \$1 per day, kiln men \$1.50 per day, and quarry men \$1.35 to \$1.40 per day; while the wages paid in Knox County for ordinary labor are \$1.75 per day; kiln men \$1.87½ per day; coal dischargers \$3 per day; stevedoring \$2.50 per day; kiln foremen \$2.50 per day; quarry foremen \$2.50 per day; drill men, laborers, \$2 per day, and engineer \$2.25 per day, which would make the average cost of labor in Canada \$1.30 per day, while the average price paid in Knox County, Me., is \$2.30. We think therefore that we are justified in asking that there shall be no change in the rate of duty on lime at the present time.

I may suggest that, together with Mr. Perry, I appear in the interest of and represent the lime manufacturers in Knox County and other manufacturers from other sections who were to have been here but who did not get notice in time for them to make the trip. They will appear later if there are any matters the committee desires to bring out further. I wish to file with the committee some statements here.

The CHAIRMAN. What is that bundle of papers you are handing to the stenographer?

Mr. SHEPHERD. Those are statistics covering the various affidavits, which I thought probably you might wish to look over, to verify the statements I have made. If you do, all right; but, if not, it is not necessary.

The CHAIRMAN. It looks like a pretty large volume.

Mr. SHEPHERD. There is quite a good deal of it. We have tried to give the story complete.

The CHAIRMAN. We do not care to reprint all of the government statistics.

Mr. SHEPHERD. I have given you a general outline of these statements and mentioned the parties that made them, and there is quite a good deal of it, it is true; perhaps unnecessary to file.

Mr. CLARK. Why do you not take it and sort it out?

Mr. GRIGGS. We do not ask for any affidavits sustaining what you have said.

Mr. SHEPHERD. If you wish it in different form we will endeavor to comply with your request.

The CHAIRMAN. Where is your market?

Mr. SHEPHERD. We supply all the way from Maine to Norfolk—not very much in Norfolk—principally New York.

Mr. CLARK. Where is your limekiln?

Mr. SHEPHERD. Rockport, Me., Rockland, Me., and Thomaston, Me.

Mr. CLARK. Is that on navigable water?

Mr. SHEPHERD. Yes, sir.

Mr. CLARK. Is your kiln close to the water?

Mr. SHEPHERD. Yes, sir.

Mr. CLARK. Do you have any hauling to do?

Mr. SHEPHERD. Yes, sir.

Mr. CLARK. How do you get it on board vessels?

Mr. SHEPHERD. We truck it.

Mr. CLARK. Why do you not put it in a chute?

Mr. SHEPHERD. There are various kinds of chutes, some of which we do not care to get into. We do not want to put the lime in a chute.

Mr. CLARK. Is not that the cheapest kind of transportation?

Mr. SHEPHERD. It is very rapid, they say.

Mr. CLARK. I know of one limekiln in Missouri which is quite close to a railroad track, and it chutes all the lime down through that chute at a cost of less than 5 cents.

Mr. SHEPHERD. That is good work.

Mr. CLARK. Why do you not fix yours that way?

Mr. SHEPHERD. We will investigate that; thank you for the suggestion.

Mr. CLARK. The truth about this tariff on lime is, you are asking to retain it simply because you have it?

Mr. SHEPHERD. Not at all; simply because we absolutely lost the market, or were losing it, on the basis of 10 per cent ad valorem, and the statistics will show they are shipping over 200,000 barrels into this country now.

Mr. CLARK. Is it not pretty much all limestone in Maine? Is there not plenty of limestone there?

Mr. SHEPHERD. Yes, sir; plenty.

Mr. CLARK. The reason you want this is because some Canadians ship a little over into Aroostook County?

Mr. SHEPHERD. Not at all; we want it for protection, because we believe we are entitled to it. We can not carry on business without it.

Mr. CLARK. You have them walking on a crutch and you want to keep on? [Laughter.]

Mr. SHEPHERD. That is all I have to say to the committee at this time.

The CHAIRMAN. We will now hear from Mr. Perry.

STATEMENT OF MR. ORIN F. PERRY, OF NEW YORK CITY.

Mr. PERRY. Mr. Chairman and gentlemen, there is not much I can add to what Mr. Shepherd has said. I am general manager of the Rockland and Rockport Lime Company. I have been holding that position for a year or more past. I happen to be president of the Eastern Lime Association, which takes in all the kilns from Virginia to Maine, and the conditions in the lime business have been very poor—that is, we have made no money. About all we can ask for is to give us a little chance. Times are brightening up, and we think, with that duty remaining as it is, we can go ahead and hold our own.

Mr. GRIGGS. Why did you think you needed 8 cents in 1897?

Mr. PERRY. That was before my time.

Mr. GRIGGS. The gentlemen who thought so were mistaken, were they not?

Mr. PERRY. We could use it very handily now, but 5 cents will do.

Mr. GRIGGS. Of course. I could use the United States Treasury very handily if I could get hold of it. There is no question about that.

Mr. PERRY. Five cents is all right with us.

Mr. GRIGGS. That is what you have now?

Mr. PERRY. Yes, sir.

Mr. GRIGGS. Do you think if we give you 3 cents you could get along pretty well—now, just between us?

Mr. PERRY. So far as our own company is concerned, I do not think so.

Mr. GRIGGS. You really believe with the other gentlemen that 8 cents was as little as you could have gotten along with in 1897?

Mr. PERRY. At that time?

Mr. GRIGGS. Yes, sir.

Mr. PERRY. Yes, sir.

Mr. GRIGGS. And the committee reduced it to 5 cents?

Mr. PERRY. It reduced us to 6 cents, and then to 5 cents.

Mr. GRIGGS. Why not go on down a little further?

Mr. PERRY. It seems to me it is a bad time to change it now.

Mr. GRIGGS. A good time to change it, you mean. You sell more lime and build more houses, if it is cheaper. If I could buy lime cheaper, I would build a house myself.

Mr. PERRY. We need the help just now.

Mr. CLARK. How long have you been in the lime business?

Mr. PERRY. We began in 1880.

Mr. CLARK. You did not begin in 1880 yourself, did you?

Mr. PERRY. That is what we did.

Mr. CLARK. How old are you?

Mr. PERRY. Fifty years old.

Mr. CLARK. I thought you were about 35. [Laughter.]

Mr. PERRY. Thank you, sir; thank you.

Mr. CLARK. How much money have you invested in that business?

Mr. PERRY. We did have quite a lot. We sold out in 1900 to this Rockland and Rockport Lime Company.

Mr. CLARK. What do you have now?

Mr. PERRY. Very little.

Mr. CLARK. You have the same factory now that you had then, have you not?

Mr. PERRY. No, sir; we sold it to this company I represent.

Mr. GRIGGS. How much in dollars and cents?

Mr. PERRY. I do not care to state that.

Mr. GRIGGS. You do not want to say how much "very little money" is to you?

Mr. PERRY. I would rather not in this particular case.

Mr. CLARK. How much dividends do you pay?

Mr. PERRY. None.

Mr. CLARK. None at all?

Mr. PERRY. This Rockland and Rockport Lime Company has not paid any dividends since six years ago.

Mr. CLARK. You mean they have not made any money in six years?

Mr. PERRY. Yes, sir; but they have put it out in improvements.

Mr. CLARK. How much improvements have you paid for?

Mr. PERRY. Quite extensive improvements.

Mr. CLARK. Well, how much now, in comparison with the capital stock?

Mr. GRIGGS. He would rather not say.

Mr. PERRY. I would say if I could, but I do not think I can.

Mr. CLARK. How much is your capital stock?

Mr. PERRY. The bonded indebtedness is \$2,000,000, and there is \$1,000,000 of preferred stock and \$1,000,000 of common stock.

Mr. CLARK. \$4,000,000 altogether?

Mr. PERRY. Yes, sir.

Mr. CLARK. Here was the way you fixed it: When you organized that company you issued the preferred stock up to the full value of the whole thing, and then when a man took a share of preferred stock you gave him a share of common stock to go with it?

Mr. PERRY. I could not tell you. They did not take us in on the stock. They organized without us.

Mr. CLARK. You were on the outside?

Mr. PERRY. Yes, sir.

Mr. CLARK. Do you not know how much profit you had made? How much profit did you make in a year? That is what the committee wants to know.

Mr. PERRY. The Rockland and Rockport Lime Company?

Mr. CLARK. Yes, sir.

Mr. PERRY. Well, last year, \$48,000.

Mr. CLARK. On what?

Mr. PERRY. Everything above the bonds.

Mr. CLARK. On \$2,000,000?

Mr. PERRY. That is the profit.

Mr. CLARK. Forty-eight thousand dollars on \$2,000,000?

Mr. PERRY. Forty-eight thousand dollars after paying interest on the bonds. That did not take care of any common or preferred stock, but it was a bad year last year.

Mr. CLARK. Forty-eight thousand dollars is about 2 per cent on \$2,000,000. Do you undertake to tell this committee you only made 2 per cent?

Mr. PERRY. That is what I do.

Mr. CLARK. How long have you been making 2 per cent?

Mr. PERRY. Last year.

Mr. CLARK. How much did you make the year before?

Mr. PERRY. We made \$90,000.

Mr. CLARK. That was after counting out interest, salaries and wages, and material?

Mr. PERRY. Everything up to the preferred and common stock.

Mr. CLARK. And you came down here because everybody else was coming?

Mr. PERRY. This is the first time I have ever been here.

The CHAIRMAN. How many kilns do you have in that property?

Mr. PERRY. The Rockland and Rockport Lime Company has 80. There are about 48 outside.

The CHAIRMAN. How many did they have when they consolidated?

Mr. PERRY. About the same number.

The CHAIRMAN. How many years ago was that?

Mr. PERRY. In 1900.

The CHAIRMAN. What were they making on it a year before they consolidated it?

Mr. PERRY. Making nothing.

The CHAIRMAN. They were making nothing?

Mr. PERRY. Yes, sir.

The CHAIRMAN. How much stock did they have?

Mr. PERRY. They were making nothing—just before they organized the price of lime was away down.

The CHAIRMAN. How much stock did they have before they reorganized?

Mr. PERRY. They did not reorganize.

The CHAIRMAN. When did you start this Rockland and Rockport Lime Company?

Mr. PERRY. In 1900.

The CHAIRMAN. Did you buy out the other companies?

Mr. PERRY. They bought out the other companies; yes, sir.

The CHAIRMAN. How many other companies were there?

Mr. PERRY. Seven or eight.

The CHAIRMAN. What was their capital stock?

Mr. PERRY. They were individual firms, except one.

The CHAIRMAN. You issued four millions of stock for 80 lime kilns?

Mr. PERRY. No, sir; two millions of bonds and two millions of stock.

The CHAIRMAN. Did you give that to the parties who owned the original properties?

Mr. PERRY. Not altogether. We bought property outside of the State of Maine, and bought also a fleet of barges.

The CHAIRMAN. How much did you give to the old firms?

Mr. PERRY. I could not tell you that.

The CHAIRMAN. How much did you give for property you bought outside?

Mr. PERRY. I think the properties in Rockland and Rockport and Thomaston cost them about \$2,000,000.

Mr. GRIGGS. How much?

Mr. PERRY. Two million dollars.

Mr. GRIGGS. In cash?

Mr. PERRY. Yes, sir.

The CHAIRMAN. How much bonus was there in that?

Mr. PERRY. Nothing.

The CHAIRMAN. I am trying to find out what an old lime kiln is worth. We have some for sale in my locality. Do you know why it is no other locality in the United States came here to ask for a tariff on lime except these people from Maine?

Mr. PERRY. I think we are interested a little more than most anybody else, because they are our next-door neighbors, you know.

The CHAIRMAN. Because of Canada?

Mr. PERRY. Brunswick and Canada both.

The CHAIRMAN. Do they get down into the Boston market?

Mr. PERRY. Yes; they get down into the Boston market, and get into the New York market.

The CHAIRMAN. You say they do get into the New York market?

Mr. PERRY. Yes; they do.

The CHAIRMAN. There are a great many limekilns nearer New York than you are?

Mr. PERRY. Yes; but no lime quite so good as ours.

The CHAIRMAN. Is not the New Brunswick lime as good?

Mr. PERRY. Practically.

Mr. GRIGGS. I would not say that; that might not be true. [Laughter.]

The CHAIRMAN. There are people who live and die who never heard of Rockland lime.

Mr. PERRY. Not in New York.

The CHAIRMAN. The best lime is found in New York.

Mr. PERRY. That is where we sell it. That is our best market.

Mr. GRIGGS. You say they paid \$2,000,000 for those limekilns?

Mr. PERRY. Yes, sir; and the quarries. We have the finest quarries in the world there.

Mr. GRIGGS. What do you quarry?

Mr. PERRY. I mean the lime quarries.

Mr. GRIGGS. Of course, I meant to include all that with the limekilns. Were those all worth \$2,000,000 in cash?

Mr. PERRY. We are trying to work it out on that basis.

Mr. GRIGGS. You say you have not been able to do so?

Mr. PERRY. No; but I say we are going to do so.

Mr. GRIGGS. It was not worth that when you got it together?

Mr. PERRY. I think it was. I think it was then and I think it is now.

Mr. GRIGGS. But nobody paid any cash for it?

Mr. PERRY. Every dollar of that preferred stock and common stock was sold at par. I have five thousand of common and five thousand of preferred.

Mr. GRIGGS. Did you pay cash for it?

Mr. PERRY. I did.

Mr. GRIGGS. Then you have \$10,000 of the bonds?

Mr. PERRY. No; no bonds. I paid par for the common and par for the preferred stock.

Mr. RANDELL. You said the price of lime was very low just before the corporation was organized?

Mr. PERRY. It happened to be that year.

Mr. RANDELL. And it got up very high just directly afterwards!

Mr. PERRY. It went up some; yes.

Mr. RANDELL. You said it was very low before that, and got higher afterwards. How low was it before, and how high did it go?

Mr. PERRY. In 1900 the price of lime in the New York market—

Mr. RANDELL. I mean just before this corporation was organized.

Mr. PERRY. A very low price—as low as 60 cents a barrel.

Mr. RANDELL. And what did it go to after that?

Mr. PERRY. From 70 cents, I believe, to 80.

Mr. RANDELL. It went up about 33½ per cent directly after you organized this corporation?

Mr. PERRY. Not directly after; from that up till now.

Mr. GRIGGS. Is it still high—at high-water mark?

Mr. PERRY. Yes, sir; 80 cents.

Mr. SHEPHERD. If the committee please, I would like to say one word: I was one of the original parties—one of the original three—who acquired the property of the Rockland Lime Manufacturers. I want to say that we paid spot cash for every piece of property that we bought. There was no man who got a single block of that stock, common or preferred, or one of the bonds, who did not pay for it in actual cash.

Mr. CLARK. Had you been in the lime business before?

Mr. SHEPHERD. Yes, sir; since 1868.

Mr. CLARK. You put in your property at that time as so much cash, did you not?

Mr. SHEPHERD. I sold my property for cash; I had given an option to other parties at \$25,000 more than I sold it to this company for.

Mr. CLARK. You sold this property to yourself, did you not?

Mr. SHEPHERD. I was interested in the company with other people. We paid this gentleman, Mr. Perry, a great deal more in proportion than that, and he will say so, and we paid him cash, and he will say the actual property we turned over was worth more than the property he turned over.

Mr. CLARK. Is not this the way you did it: You determined you would have a corporation; then you went to work and agreed what your property was worth in proportion to each piece of property, and then marked it up so as to make this \$2,000,000?

Mr. SHEPHERD. No; I will tell you how we did it. We talked the matter over about the various properties. Parties had tried to work that out for four years, consecutively. They had not succeeded in

getting the prices at which they could finance it. We then decided that on a certain basis, by paying spot cash, we could buy this property which was owned by individuals. The quarries were the essential thing. We talk about the kilns, because that is the producing capacity, but unless you have the quarries you can not make lime. Some of those quarries we bought of outside parties, one in particular, for which we paid \$165,000, and it was not very large. We acquired a railroad down there. We paid 75 per cent for the stock, and paid cash, and assumed the bonded indebtedness. That railroad is 14 miles long.

Mr. CLARK. There are no new kilns up there?

Mr. SHEPHERD. There have been no new kilns discovered there in my day. The best one we have was opened in 1817, according to history.

Mr. CLARK. This all happens to be on account of geographical location, does it not? There is not a square mile in Maine that is not rock, is there?

Mr. SHEPHERD. I do not know about that.

Mr. CLARK. Is not that largely the truth?

Mr. SHEPHERD. It is rock, yes, but certain kinds of rock. We are talking about commercial limestone.

Mr. CLARK. Limestone rock?

Mr. SHEPHERD. There is limestone, but there is a great difference in the quality of limestone.

Mr. CLARK. For how much is this thing capitalized?

Mr. SHEPHERD. Two million dollars, and it was all paid in in cash, all that was issued. There has been about \$1,700,000 issued.

Mr. CLARK. What dividends do you make?

Mr. SHEPHERD. We have not made a single dividend except the first year.

Mr. CLARK. What do you do with the money you make?

Mr. SHEPHERD. We have not made 2 per cent on our investment.

Mr. CLARK. You do not count it as making anything when you go and buy a new quarry?

Mr. SHEPHERD. We have not bought a new one since we bought Mr. Perry's.

Mr. CLARK. Do you say you have not made any money in the lime business since you organized this corporation?

Mr. SHEPHERD. That is what I say.

Mr. CLARK. You have been losing? You have been running at a loss?

Mr. SHEPHERD. We have made sufficient money to pay our coupons, and we have made some improvements. He told you we made \$48,000 last year.

Mr. CLARK. What are the improvements worth?

Mr. SHEPHERD. We were obliged to put those in—

Mr. CLARK. How much are they worth?

Mr. SHEPHERD. That is problematical.

Mr. CLARK. How much did you put into improvements?

Mr. SHEPHERD. We put into improvements, perhaps, since the company has been organized, on an average of \$25,000 a year.

Mr. CLARK. How long has it been organized?

Mr. SHEPHERD. Since 1900.

Mr. CLARK. That is \$200,000.

Mr. SHEPHERD. Only \$175,000. You understand, we paid no dividends on our stock, and the stock has not a market value to-day.

Mr. CLARK. How did you all make a living?

Mr. SHEPHERD. We have other business, some of us. I do not make my living out of the lime business, I assure you.

Mr. GRIGGS. Tell us who owns those bonds.

Mr. SHEPHERD. They are owned by savings banks and by trust companies.

Mr. GRIGGS. You disposed of those bonds, did you not?

Mr. SHEPHERD. A large proportion of them; yes, sir.

Mr. GRIGGS. For what purpose?

Mr. SHEPHERD. To buy this other property.

Mr. GRIGGS. Which other property?

Mr. SHEPHERD. The \$2,000,000 of stock was not sufficient funds to acquire this property. We have seven barges that cost us \$60,000 apiece, and a steel ocean-going towboat that cost \$70,000.

Mr. GRIGGS. But you only put out \$1,700,000 of stock?

Mr. SHEPHERD. That is stock; yes, sir. We only issued what we were obliged to.

Mr. GRIGGS. In addition to that, you sold \$2,000,000 of bonds?

Mr. SHEPHERD. Yes, sir.

Mr. GRIGGS. At par?

Mr. SHEPHERD. Some of them were sold at 95.

Mr. GRIGGS. Did you tell the purchasers what a poor piece of property it was when you sold those bonds?

Mr. SHEPHERD. We think it is going to be a good piece of property.

Mr. GRIGGS. Going to be?

Mr. SHEPHERD. Yes, sir. The conditions have been such we have not been thus far as successful as we had hoped, but by closest economy and by cutting off all corners it is possible to cut off, we hope to reach the day when we shall make a dividend on the preferred stock and also on the common, although I do not look really for the common stock to pay a dividend for many years.

Mr. CLARK. Do you ever expect to see any better years for business than 1905 and 1906 and 1907?

Mr. SHEPHERD. They were very good for certain lines of business but, unfortunately for us, two of those years were extremely cold, so it was practically impossible to market lime or use it. Our bays and harbors were practically all frozen over in New York.

Mr. CLARK. All those years were especially good for building purposes?

Mr. SHEPHERD. Not particularly for us alone; not during extreme weather.

Mr. CLARK. There was a time when the market did not buy any?

Mr. SHEPHERD. That is true.

Mr. CLARK. That is because you put the price of lime up?

Mr. SHEPHERD. We do not think so.

Mr. CLARK. I should think you would make money during those good years we have.

Mr. SHEPHERD. When the Wilson bill was pending your people gave us a most thorough investigation and thought we were entitled to 5 cents.

Mr. CLARK. I am not governed by the Wilson bill, as sure as you live.

Mr. RANDELL. Did not this organization of yours cut off competition?

Mr. SHEPHERD. No, sir; there were 46 kilns besides ours.

Mr. RANDELL. How many did you buy?

Mr. SHEPHERD. We acquired 82. There are probably 150 others now. Different parties own kilns.

Mr. RANDELL. Do you agree that after the organization of that company the price went up about 33 per cent?

Mr. SHEPHERD. No; I do not agree the price went up.

Mr. RANDELL. Then Mr. Perry, the gentleman who preceded you, in effect says you are mistaken.

Mr. SHEPHERD. He qualified it by saying from that time up to the present time.

Mr. GRIGGS. He said that while you were present. He is in your company now, is he not?

Mr. SHEPHERD. He is general manager. He owns just a small amount of stock, just as he said. He was not connected with us then at all. In fact, we were in very severe competition. He was established in New York and had been for quite a number of years handling his own products—he and his two brothers and their father—and they had a very large percentage of the New York trade. He was handling it very successfully, and we felt if we could acquire his property and secure his services to take charge of the New York market it would be a wise thing to do. He took charge of the New York market for us and made good, and about a year ago he was made general manager of the company.

EXHIBIT A.

NOVEMBER 20, 1908.

Scale of wages paid by Rockland-Rockport Lime Company.

Ordinary labor	per day..	\$1. 75
Kiln labor	do.....	1. 875
Coal discharging	per hour..	. 30
Barge stevedoring	do.....	. 25
Kiln foreman	per day..	2. 50
Quarry foreman	do.....	2. 50
Quarry drillman	do.....	2. 00
Quarry labor	do.....	2. 00
Quarry engineer	do.....	2. 25

EXHIBIT B.

UNITED STATES CUSTOMS SERVICE,
OFFICE OF THE COLLECTOR,
Port of Houlton, Me., August 18, 1908.

H. I. SHEPHERD, Esq., *Rockport, Me.*

SIR: Replying to your inquiry of the 15th instant relative to the amount of lime imported into this district during the fiscal year ending June 30, 1908, I will state that our statistical returns show the amount to be 2,911,240 pounds, approximately 13,233 barrels.

Respectfully,

W. F. JEN'S,
Special Deputy Collector.

EXHIBIT C.

UNITED STATES CUSTOMS SERVICE,
OFFICE OF THE COLLECTOR,
Port of Bangor, Me., August 18, 1908.

Mr. H. L. SHEPHERD, Rockland, Me.

SIR: Replying to yours of the 15th instant would inform you that 4,063,700 pounds of lime were imported into this customs district during the year ending June 30, 1908.

Respectfully,

A. R. DAY, Collector.

EXHIBIT D.

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF STATISTICS,
Washington, August 12, 1908.

COLLECTOR OF CUSTOMS,
Belfast, Me.

SIR: In response to your request of the 10th instant you are informed that the imports of lime from Canada into customs districts of Maine during the fiscal year 1908 were 7,050,940 pounds; value, \$18,391. All of this lime was reported from the customs districts of Aroostook and Bangor.

Very truly,

J. N. WHITNEY,
Acting Chief of Bureau.

STATEMENT OF MR. EDWARD CARY, OF NEW YORK CITY, N. Y.

MR. CARY. Mr. Chairman and gentlemen, if you will allow me, as this is a new subject, I should like to give you a brief résumé of the carbon situation to-day from an importer's standpoint and that of the consumers of this country. It only consists of four pages of typewritten matter.

MR. DALZELL. Is this paragraph 97?

THE CHAIRMAN. Paragraph 98.

MR. CARY. This has to do with both paragraphs 97 and 98. Mr. Chairman, as we often import articles of carbon, as well as carbon for electric lighting, specially provided for in paragraph 98.

We are importers of carbon sticks for electric lighting. As the committee is no doubt aware there has been considerable litigation in regard to these articles, not only under the present act, but under the act of 1894. In the former act they were first assessed at 30 per cent ad valorem under paragraph 86, but were held by the circuit court of appeals to be properly dutiable at 20 per cent ad valorem as unenumerated articles. One of the reasons given by the court for excluding them from paragraph 86 was that they were not susceptible of decoration. In the present act a special provision was put in to cover them at the specific rate of 90 cents a hundred, and this provision has been held by the United States Supreme Court to cover not only the regular lengths (12 inches), but also double lengths by similitude.

While the notes on tariff hearings which you have before you give the ad valorem equivalent of this specific rate as 46.79 per cent, we desire to point out that this is entirely misleading, owing to the fact that it is based on the total number of sticks imported and the total value of those sticks, the assumption being that they are all of the same value. As a matter of fact, carbons for electric lighting vary

greatly in price according to their size and the particular lamp for which they are designed. For instance, a carbon for electric lighting to be used in a searchlight is worth on the other side as high as \$23 per hundred, on which the duty would be equal less than 4 per cent ad valorem, while a carbon for electric lighting designed to be used in a small arc lamp is worth on the other side about 13 cents per hundred, on which the duty would equal nearly 700 per cent ad valorem; yet both of these articles under the present tariff pay a duty of 90 cents per hundred. Both of these classes are imported by us. The largest quantity imported are those for the inclosed arc lamp (the kind you have in all the streets of Washington, and all the stores where they use arc lamps for lighting). The average price for a single length carbon of this kind is about 60 cents per hundred, on which the duty would be equivalent to about 150 per cent. We ourselves import nine classes of carbons, all of which pay 90 cents per hundred, and we append hereto a table showing relative quantities of each class imported by us during the past year and the ad valorem equivalent of the 90 cents per hundred rate. On all of these classes, with the exception of the first and last (A and I), we have been compelled, in order to escape the prohibitive rate, to import them in double lengths, and under the head of "Per cent ad valorem basis" in the appended table we therefore give the ad valorem equivalent of 90 cents per hundred based on the double length, which, as will be seen, runs from 41.4 per cent to 297.9 per cent. Those are based on actual importations. In the last column of this table we have given the ad valorem equivalent of these carbons if imported in single lengths, from which it appears that it runs from 102.5 per cent to 744.7 per cent. The ad valorem on class C, of which we import the greatest quantities, is 158.5 per cent, while class B, the next largest in quantity imported by us, is 102.5 per cent. Our factory is unable to produce classes A and I in double lengths, and we have had to import these in single lengths, on which we pay a duty equivalent to 23 per cent and 321.4 per cent ad valorem, respectively. Of these two classes, A is one of the most expensive types in use, being used for flame arc lamps (those are the big sunbursts that you see on the streets), while class I is one of the lowest-priced carbons made on the Continent, but has not been made in this country.

It will be noted that the ad valorem rate for the single-length carbon is more than double the ad valorem rate for the double carbon. This is owing to the fact that a carbon stick 24 inches long is worth considerably more than two carbon sticks of 12 inches in length, for the reason that it is difficult to manufacture the longer lengths without warping and breakage.

The total number of carbons, as noted in the table, is 707,335. All but 25,000 of these, however, were double lengths, so that the number stated represents a total of single-length carbons of 1,389,670.

We also desire to call your attention to the fact that at a period of two years ago many more of the expensive carbons were, proportionately, imported in single lengths than are imported to-day. This is another reason showing that the estimated percentage of 46.79 per cent is misleading, since these expensive carbons reduced the average ad valorem rate.

It is obvious, therefore, from the foregoing statement and the appended table that the specific rate of 90 cents a hundred is absolutely prohibitory unless we resort to the practice of having the sticks made in double lengths, and that even then the rate on those of which we import most (class C), being equivalent to 63.4 per cent, represents a much higher duty than was intended to be placed upon these articles in view of the 35 per cent rate in paragraph 97 on other articles of carbon. It is further apparent that any provision fixing a specific rate based on number of pieces which will take in all classes of carbons for electric lighting is wholly inequitable, and we therefore respectfully suggest that in the proposed tariff either an ad valorem rate be fixed or a specific rate based on some other factor than numbers of pieces. We call the attention of the committee to the fact that with the proposed change of paragraph 97 to cover articles whether deemed susceptible of decoration or not, carbons for electric lighting would be provided for under the provision for "articles of carbon," and we believe there is no good reason why these carbons should not pay the same duty as other articles of carbon. Such articles at present pay an ad valorem duty of 35 per cent, and we request that whatever duty may be put upon such goods the same ad valorem duty may be applied to carbons for electric lighting. In view of the understanding that reduction is to be made in the rates of the present tariff act, we ask that the goods be not required to pay a duty of more than 25 per cent ad valorem.

If a specific rate be desired, we suggest that a very equitable rate can be made based on the weight, owing to the fact that the process of manufacture is principally mechanical and the cost of production is therefore almost entirely dependent on the amount of material in the article. In fact, the cost is so regulated abroad. Upon the standard carbons which are principally in use in this country a specific rate of $1\frac{1}{4}$ cents per pound is equal to an ad valorem rate of 25 per cent, and on the more expensive carbons and the cheaper carbons this rate adjusts itself equitably to the Government, importer, and the consumer. Those are the ones that are used in all your street lamps all over the country and in all your large stores for indoor lighting, the carbons having a specific rate of $1\frac{1}{4}$ cents a pound.

Mr. GRIGGS. Is it worth 6 cents a pound, or is it worth $7\frac{1}{2}$ cents?

Mr. CARY. It would be about 5 cents a pound; and on the more expensive carbons and the cheaper carbons this rate adjusts itself equitably to the Government and to the consumer.

The cost of manufacture of all carbons abroad is based on the cubic mass. The lamps of a country control the type of carbons—the lamps that are in use. Those that we use for general purposes of illumination require uniform carbons. They are the ones that, both in this country and abroad, are made more than the others; and a duty based upon the weight, upon a certain specific basis or an ad valorem basis, or a specific rate giving a definite ad valorem basis on a carbon that may constitute 85 per cent of the total consumption of the country—those that are more expensive one way and those that are cheaper the other—adjusts itself the same as it does in the process of manufacture. The absolute table—I have given the limits of it—is attached here, but I do not think it would be of any special interest to be read.

(The table submitted by Mr. Cary is as follows:)

Glass No.	Lengths.	Number imported.	Per cent, ad valorem basis.	Ad valorem per cent if carbons were imported in lengths required by arc lamps in this country.
A.....	Single.....	20,000	23.0	23.0
B.....	Double.....	180,195	41.4	102.5
C.....	.....do.....	394,740	63.4	138.5
D.....	.....do.....	11,650	70.8	177.0
E.....	.....do.....	51,300	76.2	190.5
F.....	.....do.....	27,850	88.5	221.2
G.....	.....do.....	7,000	114.5	296.2
H.....	.....do.....	9,600	297.9	744.7
I.....	Single.....	5,000	321.4	321.4
Total.....		707,335		

707,335 as imported equals 1,389,670 in normal lengths for use in arc lamps.

Mr. UNDERWOOD. Mr. Cary, how much of the volume of these electric-light carbons is consumed in this country?

Mr. CARY. To the best of my knowledge, in the neighborhood of 200,000,000.

Mr. UNDERWOOD. Two hundred million pieces?

Mr. CARY. Two hundred million pieces.

Mr. UNDERWOOD. What does the importation amount to?

Mr. CARY. About 10 per cent of that amount.

Mr. UNDERWOOD. About 10 per cent of the total consumption is importations?

Mr. CARY. To the best of my knowledge.

Mr. UNDERWOOD. Are these carbons manufactured by hand or by machinery?

Mr. CARY. Practically entirely mechanically.

Mr. UNDERWOOD. Does the labor cost enter much into the cost of the carbon?

Mr. CARY. From my knowledge of carbon work, I should say to the extent of from 15 to 20 per cent—nearer 15 than 20—but 20 would be the maximum, including all handling.

Mr. UNDERWOOD. Of the labor cost?

Mr. CARY. Of the labor cost; yes, sir.

Mr. UNDERWOOD. How much does it cost you to import these in freight rates? What is the freight that it costs you to carry them across the ocean?

Mr. CARY. The rate from the factory in France or in Germany, depending on whether they come in carloads or less than carloads, would average from 45 to 55 cents for actual transportation, land haul and ocean freight.

Mr. UNDERWOOD. Forty-five to 55 cents per hundred pounds?

Mr. CARY. Per hundred pounds; yes, sir.

Mr. UNDERWOOD. And you have to pay that in addition to the duty before they come in competition with the home product?

Mr. CARY. We do; yes, sir.

Mr. UNDERWOOD. That makes the duty and the freight something like \$1.35 a hundred?

Mr. CARY. A thousand carbons, which is our unit, will weigh about 145 pounds packed for shipment. We allow in ordinary figuring 150 pounds. So your freight rate will cost from 60 to 65 cents, bringing \$1.50 to \$1.55. No; your rate is 90 cents per hundred, which is \$9 per thousand. As a hundred carbons, you see, would only weigh one-tenth of 145 or 155 pounds, it is light in proportion to the duty.

Mr. UNDERWOOD. Is the cost of manufacture of these electric-light carbons any greater than that of the other carbons that are named in schedule 97 that have a 30 per cent duty?

Mr. CARY. We import other types of carbons, which were originally under that paragraph, used for other purposes than lighting. All lighting carbons have been entered for duty since the decision under paragraph 98. But carbon blocks used for connectors, or, as we term them, brushes on our dynamos and motors and electric apparatus and contacts—all other forms and shapes of carbon for any electrical purpose whatsoever were originally interpreted as falling under paragraph 97.

Mr. UNDERWOOD. Is there any more labor cost that goes into these electric-lighting carbons than the other class of carbons that are imported at 35 per cent?

Mr. CARY. There is less in electric-lighting carbons than in the other types, especially of the carbon brushes.

Mr. UNDERWOOD. Is there any reason why these electric-lighting carbons should pay a higher rate of duty than the other carbons?

Mr. CARY. Not only is there no reason, but at the time this duty was imposed the carbons that were imported from Europe, and which are still imported from Europe, were not manufactured in this country.

Mr. UNDERWOOD. Is the carbon that is made in this country as good a carbon as the imported carbon for lights?

Mr. CARY. There are two distinct types of carbon made in this country—one known as the open-arc coke-plated carbon, copper-plated carbon, and the other similar to the continental carbon, ordinarily termed the high-grade carbon, which the modern type of lamps that are generally in use in our eastern cities require, and such as you have on the streets of Washington. So there are two distinct types.

Mr. UNDERWOOD. The best type here is about equal to the type that is imported?

Mr. CARY. Yes, sir.

Mr. UNDERWOOD. And the other is an inferior article?

Mr. CARY. The other, in quality, is inferior carbon, suitable for the purpose for which it is manufactured and always has been manufactured.

Mr. UNDERWOOD. Who are the principal manufacturers of these carbons for electric lighting in this country?

Mr. CARY. As far as I am aware, the manufacture of all of our lighting carbons in this country is directly under the control of the National Carbon Company of Cleveland.

Mr. UNDERWOOD. The National Carbon Company of Cleveland?

Mr. CARY. Yes, sir.

Mr. UNDERWOOD. That controls the entire American product?

Mr. CARY. As far as I am aware; yes, sir.

Mr. UNDERWOOD. They, then, have a monopoly of the electric carbon business—that is, for electric lighting?

Mr. CARY. So far as my best knowledge extends, they have—the domestic manufacture.

Mr. COCKRAN. Are they an evolution of the old Brush Company?

Mr. CARY. Well, no. The Brush Company, in the days when I was in manufacture, Mr. Cockran, were makers of arc lamps and arc-lamp apparatus, and also made carbons, as Mr. Brush controlled the product for plating carbons in the beginning. I have no knowledge as to whether their factory descended to the present company in Cleveland or not.

Mr. UNDERWOOD. What is the cost of manufacturing these carbons per hundred in this country, if you know?

Mr. CARY. To the best of my knowledge, the high-grade carbons, similar to those that we import, would cost in the neighborhood of 80 to 90 cents per hundred to manufacture.

Mr. UNDERWOOD. Eighty or 90 cents. What do you pay for those carbons abroad?

Mr. CARY. About 60 to 80 cents per hundred pieces will take in practically 85 per cent of our total importations. The others are special carbons.

Mr. UNDERWOOD. You pay from 60 to 80 cents?

Mr. CARY. From 60 to 80 cents.

Mr. UNDERWOOD. And how much freight do you pay? You stated it a while ago; but how much does the freight amount to per hundred pieces?

Mr. CARY. Per hundred pieces? It would be one-tenth; about 6 to 7 cents per hundred pieces.

Mr. UNDERWOOD. And do you pay any marine insurance?

Mr. CARY. That is almost negligible.

Mr. UNDERWOOD. Is there any loss from breakage?

Mr. CARY. In the condition in which we import them at the present time—not in single lengths, not in the normal condition, but in the condition in which we have to import them in order to have a price at which we can sell at all—there is considerable breakage.

Mr. UNDERWOOD. What does that amount to?

Mr. CARY. It will amount, with us, to an average of 7 to 8 per cent.

Mr. UNDERWOOD. Seven or 8 per cent?

Mr. CARY. Yes, sir.

Mr. UNDERWOOD. Then, taking the American carbon to average 85 cents and the imported carbon to average 70 cents, and abroad you add 15 cents for breakage and freight, that brings them to 85 cents, which would make the cost of the American carbon in New York and of the imported carbon about the same without the duty, would it not?

Mr. CARY. On that basis of figuring; yes, sir.

Mr. UNDERWOOD. And the duty amounts, in reality, the way you import them, to about 45 cents a hundred?

Mr. CARY. About 45 cents a hundred; yes, sir.

Mr. UNDERWOOD. So this company, then, has the protection of 45 cents a hundred on an article on which the labor cost is only 20 per cent?

Mr. CARY. Not over that; no, sir.

Mr. UNDERWOOD. Not over 20 per cent?

Mr. CARY. No, sir.

Mr. UNDERWOOD. And that makes the labor cost an average of about 16 to 20 cents in the carbon and a protective rate of about 45 cents per hundred carbons?

Mr. CARY. Yes, sir.

Mr. UNDERWOOD. That is all I wish to ask.

The CHAIRMAN. I want to ask a question or two. You import these carbons double length, do you not?

Mr. CARY. We do; yes, sir; where possible.

The CHAIRMAN. And then cut them in two in order to use them?

Mr. CARY. Yes, sir.

The CHAIRMAN. For the purpose of evading the duty of so much on carbons?

Mr. CARY. Yes, sir.

The CHAIRMAN. So that you get them in at half the rate which was originally fixed?

Mr. CARY. We do.

The CHAIRMAN. And the rate was fixed after a full hearing of the people who imported and the people who wanted to manufacture them, was it not?

Mr. CARY. There are no reports of any hearings in the reports of the Ways and Means Committee of 1897.

The CHAIRMAN. The government report would show about 20 cents a hundred valuation of imported carbons?

Mr. CARY. That would double, as they double the lengths.

The CHAIRMAN. Twenty cents per hundred for the double lengths?

Mr. CARY. Because in the statistics they call each piece a carbon.

The CHAIRMAN. That is the way you get your 40 cents—by reducing them back to honest figures, is it?

Mr. CARY. I did not quite catch that, Mr. Chairman.

The CHAIRMAN. The government reports show that they are imported at 20 cents a hundred for the double lengths. That would be 10 cents a hundred for a single carbon, would it not?

Mr. CARY. No, sir. The government reports must show the minimum of 45 cents, because the duty is 90 cents per hundred pieces, Mr. Chairman. The government statistics which are before you show that in 1897 the absolute duty, in the condition in which they were when imported, was 46 $\frac{1}{2}$ % per cent. That is the statistical report. The specific rate upon the total pieces gave an ad valorem equivalent of 46 $\frac{1}{2}$ %.

The CHAIRMAN. Yes; that is correct. Do you know anything about the cost of manufacturing?

Mr. CARY. I do abroad; yes, sir.

The CHAIRMAN. You do not manufacture, yourself?

Mr. CARY. Not the carbons. They are manufactured in this country.

The CHAIRMAN. Does not Brush manufacture them?

Mr. CARY. The Brush Company is no longer in existence.

The CHAIRMAN. Are there any manufactured in this country?

Mr. CARY. Ninety per cent of them, I should say, are manufactured in this country.

The CHAIRMAN. Where are they manufactured?

Mr. CARY. At various places. Cleveland is the largest factory, as far as I am aware; then Lancaster—

The CHAIRMAN. And the principal market is 700 miles from Cleveland?

Mr. CARY. Oh, the market extends from Maine to California.

The CHAIRMAN. Certainly; but the average is several hundred miles from Cleveland, and the freight rates by railroad would be as much from Cleveland to the market as they are from Europe to the market, would they not?

Mr. CARY. No; because we pay our freight rate before we enter the market. They are in the market, if you are speaking of freight rates in that connection.

The CHAIRMAN. What difference does that make? They have to be transported from the place of manufacture to where they are used, have they not?

Mr. CARY. Yes, sir.

The CHAIRMAN. Some one has got to pay it?

Mr. CARY. Very true.

The CHAIRMAN. The freight for the American product is more than the freight for the European product, is it not?

Mr. CARY. No, sir. We pay the same freight as the domestic manufacturers if we ship to a given point. We repay the land haul from New York.

The CHAIRMAN. But you have a large market in New York?

Mr. CARY. We could stand a much larger one. Our worthy domestic competitors have the New York market, principally.

The CHAIRMAN. Where do you sell?

Mr. CARY. Wherever we have the opportunity. We do sell from Portland, Me., to Los Angeles, Cal. We sell comparatively very little in New York.

The CHAIRMAN. Then you do sell in New York?

Mr. CARY. From New York, yes, sir; and partially, to a limited extent, at New York.

The CHAIRMAN. In New York?

Mr. CARY. Yes, sir.

The CHAIRMAN. And do you ship them all to New York from abroad?

Mr. CARY. We have to remanufacture them, practically—that is, break them in two. We can not import them in condition to be used, Mr. Chairman.

The CHAIRMAN. Oh, you have to cut them in two?

Mr. CARY. We have to unpack them and cut them in two.

The CHAIRMAN. And point them?

Mr. CARY. No, they are pointed on either end. We just cut them in two.

The CHAIRMAN. I see.

Mr. CARY. And repack them, and then ship them.

The CHAIRMAN. Do you not think it would be a little fairer to have the law fixed so that they would be imported in the proper length, and not have you have the trouble of cutting them in two?

Mr. CARY. Most decidedly. However, I do not think that either the Ways and Means Committee or Congress ever intended to shut us out of the market at all under normal conditions.

The CHAIRMAN. That is a rather unnecessary expense for the American consumer to pay, is it not?

Mr. CARY. Decidedly. Mr. Reisinger, who will follow me, will tell you something about that from his own experience.

The CHAIRMAN. I wish you would give me the figures.

Mr. CARY. The increase in the selling price since the tariff of 1897 went into force—

The CHAIRMAN. I wish you would give me the different items, and file them with the stenographer between now and the 4th of December, showing the labor cost and the various items of cost of the article abroad, laid down in the port of New York. Show me the various items. Will you do that?

Mr. CARY. With pleasure.

The CHAIRMAN. All right; that is all.

Mr. COCKRAN. You said that about 10 per cent of these carbons were imported?

Mr. CARY. Yes, sir.

Mr. COCKRAN. Can you explain the importation of that amount? Is it a peculiar kind of carbon?

Mr. CARY. The only carbon that has ever been imported from Europe was the so-called "inclosed arc-light carbon." The other type of carbon that is manufactured in large quantities to-day, but in larger quantities before our present type of lamp came into use, and such as the Brush Company always manufactured has never been imported, because it has never been manufactured abroad.

Mr. COCKRAN. So that there is practically no foreign competition at all for about 90 per cent of these carbons?

Mr. CARY. No. Of the 200,000,000 I should say that possibly a maximum of 50,000,000 are of the type that are manufactured in Europe, of which possibly the importers control 20 per cent, which is 10 per cent of the total, allowing 150,000,000 for the open arc and 50,000,000 for the inclosed arc.

Mr. COCKRAN. So that the largest quantity of these carbons are manufactured in this country practically without competition from abroad?

Mr. CARY. Absolutely.

STATEMENT OF MR. HUGO REISINGER, OF NEW YORK CITY.

Mr. REISINGER. Mr. Chairman and gentlemen, my friend Mr. Cary put the matter so intelligently before you that I can be very brief on this question.

It was not my desire to air my views each ten years on this matter, but it affords me pleasure to come before you, and I am glad to be given the opportunity to show that the excessive duty placed on electric-light carbons works a hardship on the consumer, as since the Dingley tariff went into effect the prices on this most necessary article advanced more than 50 per cent—700 per cent.

The only one to benefit by this exorbitant rate of duty of \$9 per 1,000 is the so-called "carbon trust," the National Carbon Company, of Cleveland, who could easily sell their carbons at half their present prices and still make enough to pay dividends on their actual investment. I don't mean \$5,500,000 watered stock, but their actual investment of \$4,500,000. As it is now, owing to the beneficent protection accorded them, I understand they are able to pay 7 per cent

on preferred and 6 per cent on common stock. This includes, of course, dividends on watered stock, as stated above.

The National Carbon Company controls all the carbon factories in the United States. It was organized in 1897, and I believe that through the influence of its officers at that time the prohibitive rate of \$9 per 1,000 on carbons was passed, notwithstanding the fact that I protested strongly against it; because I saw that the consumer would ultimately be compelled to bear this burden. And considering the vast importance of the electrical industry (and now I refer especially to electric arc lighting) it must be considered that placing such a prohibitive rate of duty, \$9 per 1,000 (which figures about from 50 to 700 per cent), on the most important accessory to arc lighting is actually ridiculous.

Now, when you consider that a one-half by 12 inch solid carbon for inclosed long-burning arc lamps can be made by the National Carbon Company for \$10 per 1,000, which carbon is sold by them for \$24 per 1,000 you will readily see to what extent they are protected.

The carbon trust is getting at present from 80 to 90 per cent of the whole business, while we are getting the balance. The balance of 10 per cent is divided between four importers, of which I may say I get the lion's share. I do not agree with my friend, Mr. Cary, that the carbon trust is making a high-grade carbon, just as good as mine is. I think it is inferior, but if they were not protected by that high duty I think they would make a better article. But they always remain from two to four dollars below our prices, and therefore they do not need a better article. The man is satisfied when he can buy so much cheaper. But still, they make hundreds of thousands of them.

Now, if the duty were lowered to a reasonable basis you will see, gentlemen, that the poor carbon trust will not suffer one iota. And if this is done I will guarantee that my prices will be lowered accordingly, and the consumers will reap the benefit to hundreds of thousands of dollars. For just as soon as my prices are lowered the National Carbon Company will do likewise; because it is their policy to keep their prices just enough under mine to enable them to get 80 per cent of the business at fancy prices.

The other 20 per cent is divided among the various importers of carbons and most of this 20 per cent is for special carbons of very fine grade for use in projectors, moving-picture machines, etc.—carbons which the trust can not make.

The above refers to so-called high-grade carbons, as they are known to the trade, and I have explained to you how the exorbitant duty even on the better grades works hardship on the consumer.

Now, when we take into consideration the lower grades of carbons—carbons which cost, I believe, from \$4 to \$7 per thousand to manufacture—you will readily see that it is an absolute impossibility to import them. The lower grades we can not import at all. They are absolutely excluded.

Now, I wish to explain to you one of the actions of the carbon trust. Knowing they have absolutely no competition on these low-grade carbons (as I stated before, they control every factory; some independent carbon works were built after the organization of the National Carbon Company, a few of which I can mention: The Consumers' Carbon Company, of Lancaster, Ohio; Dickey-Sutton Carbon Com-

pany, of Lancaster, Ohio; the United States Carbon Company, of Cleveland, and others; all of them have since passed into the control of the National Carbon Company), where a central station, say, uses both kinds, low grade and high grade, the trust will say: "We must have your contract for both; otherwise you will have to pay so much more for our low-grade carbons." And, naturally, as the low-grade carbons are used in open arc lamps, using a pair of carbons every night, and the high-grade carbons in inclosed arc lamps, burning on an average of one hundred hours per pair of carbons, you will see that a plant for an equal number of lamps using both kinds consumes proportionally more low-grade carbons, and an advance in price on these means quite an item.

In other words, the carbon trust tells the people: "You want to buy high-grade imported carbon, do you? Well, if you do, you will have to pay us a higher price for the low grades." Then they are absolutely compelled to buy both of them, and therefore they get the whole trade.

Fortunately, not all central stations use both kinds of carbons, for if they did they would pay dearly for carbons.

Now, a few words for other carbon products, such as carbons for dry batteries, carbon brushes, etc. The National Carbon Company controls the sale of all these products because of the high protective duty.

Take, for instance, carbons for dry batteries. These are comparatively cheap to manufacture, as the material in them is of the cheapest, and they do not need much care in manufacturing. The duty on these carbons is 35 per cent, which makes the importation prohibitive, as the manufacturers of dry batteries can not afford to pay for the imported carbons, and are therefore driven right into the arms of the National Carbon Company—that is the trust—and for your information I wish to say that the carbon trust is also the largest manufacturer of dry batteries in the United States, if not in the world.

So here you have the peculiar situation of a lot of manufacturers being compelled to buy some of their most important supplies from their most hated rival. How easy is it, then, for the National Carbon Company to withhold deliveries of battery carbons to a competitor when that competitor has large important deliveries to make, or to charge such a price for battery carbons that the manufacturer can not make any profit; as you may be sure that the carbon trust knows perfectly well what it costs its competitors to make dry batteries, and under these circumstances is in position of getting the bulk of the business, and making a profit not alone on their own batteries but on every battery sold by their competitors.

In carbon brushes the trust likewise controls the situation, owing to the ample tariff protection given it.

Gentlemen, I claim that if the tariff on all carbon products for electrical purposes be revised to a reasonable basis the consumer will obtain the benefit and will be able to buy his carbon supplies at much cheaper prices, thereby enabling the central stations, isolated electric-light plants, etc., to produce cheaper light, and enable the manufacturer of dry batteries, electrical novelties, etc., to successfully compete with their strongest competitor, and in the interest of the consumer I respectfully ask that you give your earnest consideration to this matter.

Mr. UNDERWOOD. You say that the carbon trust asks \$24 a thousand for these carbons, and make them at less than \$10?

Mr. REISINGER. Their average price is \$24 per thousand. It is pretty hard to get at the bottom of the matter. I have seen prices as high as \$28, and I have seen prices as low as \$20; according, probably, to their consumption.

Mr. UNDERWOOD. How long does one of these carbons burn in an electric light?

Mr. REISINGER. It varies; say about an average of one hundred and twenty hours.

Mr. UNDERWOOD. One hundred and twenty hours; that is about five days a week?

Mr. REISINGER. Yes.

Mr. UNDERWOOD. How many of these carbons will a town of 100,000 people use in a day?

Mr. REISINGER. It is according to the lamps they use. Some use more gas and some use more arc lamps, and others use incandescent lamps. That is pretty hard to tell.

Mr. UNDERWOOD. You have no way of estimating what the cost is to the public in that way?

Mr. REISINGER. That I could not tell you exactly; no.

Mr. UNDERWOOD. You say that more than half of the stock of this National Carbon Company is water?

Mr. REISINGER. That is what I understand—the common stock.

Mr. UNDERWOOD. And it has absolute control of the trade?

Mr. REISINGER. Absolute control.

Mr. UNDERWOOD. Do you know anything about the cost of making these carbons?

Mr. REISINGER. I think the carbons cost about \$10 a thousand, and I think they do not cost more here than they cost on the other side.

Mr. UNDERWOOD. How much of that is labor?

Mr. REISINGER. About 20 per cent, I should say.

Mr. UNDERWOOD. About 20 per cent is labor?

Mr. REISINGER. But you must not forget that the labor is, of course, cheaper in Europe, especially in our factory, where low-class peasants are doing this common work. It is not skilled work at all. But that man only makes half of what an intelligent American workman makes; so, really, the higher cost of an American workman is equalized by his better work.

Mr. UNDERWOOD. And the work is mostly done by machinery?

Mr. REISINGER. Yes, sir; nearly all by machinery.

Mr. UNDERWOOD. That is all.

Mr. RANDELL. I should like to ask you a question; I will be through in a minute. You were in the business in 1897, were you not, when the Dingley tariff bill was passed?

Mr. REISINGER. Yes, sir.

Mr. RANDELL. What was the price of the sort of carbon that you sell before that bill went into effect?

Mr. REISINGER. I have here, for instance, a carbon seven-sixteenths by 7½; we sold that for \$11.70.

Mr. RANDELL. Eleven dollars and seventy cents a hundred?

Mr. REISINGER. Eleven dollars and seventy cents per thousand.

Mr. RANDELL. Per thousand?

Mr. REISINGER. Yes, sir.

Mr. RANDELL. What was the tariff on that then?

Mr. REISINGER. Eleven dollars and seventy cents, and now we must sell it for \$20.

Mr. RANDELL. What was the tariff at that time?

Mr. REISINGER. Thirty per cent.

Mr. RANDELL. What is it now?

Mr. REISINGER. Nine dollars per thousand.

Mr. COCKRAN. About how much is that?

Mr. REISINGER. It is very hard to figure. It is all the way from 50 per cent to 700 per cent. Some carbons, as Mr. Cary says, we import in double lengths, in order to bring them down from 90 to 45 cents per hundred. But there are lots of the carbons that we can not make in double lengths. It is impossible.

Mr. RANDELL. What I want to get is the price that this stuff brought before the Dingley bill went into effect, and what effect, if anything, that bill had upon it, or what it brought in the market after that. That is what I want to get at.

Mr. REISINGER. I have given it to you right here. For instance, if you take one carbon selling for \$11.70 at the time before the Dingley tariff went into effect, we are selling it now for \$20.

Mr. RANDELL. When was this trust that you are speaking about organized?

Mr. REISINGER. In 1897, on the strength of the Dingley tariff.

Mr. RANDELL. And what per cent increase was there inside of a year in the cost to the consumer? Within a year from the time that trust was organized, what per cent, if any, was the raise in the value and in the price to the consumer?

Mr. REISINGER. The difference of the duty—exactly the difference of the duty.

Mr. RANDELL. What was the difference in the price?

Mr. REISINGER. We paid 30 per cent duty then.

Mr. RANDELL. I understand; and what was the price per thousand?

Mr. REISINGER. Eleven dollars and seventy cents per thousand.

Mr. RANDELL. Within a year after that what was it?

Mr. REISINGER. Twenty dollars.

Mr. RANDELL. Twenty dollars?

Mr. REISINGER. Twenty dollars.

Mr. RANDELL. It was nearly double?

Mr. REISINGER. Yes, sir; nearly double.

Mr. RANDELL. Has that been maintained ever since?

Mr. REISINGER. Yes.

Mr. RANDELL. And the monopoly has been maintained ever since?

Mr. REISINGER. Absolutely.

Mr. RANDELL. If the tariff is taken off, what, in your opinion, would be the result in reference to the price to the consumer?

Mr. REISINGER. I may add that the trust tried very hard to prevent us from importing double sticks. I am the oldest importer in the business, and when I first started importing double lengths the trust came and said: "That is not meant; you can not import double lengths." "Why?" "Because we meant only that you should import single lengths." I had a suit, and the suit was decided in my favor; and from that time I have been able to import double lengths, but they tried to prevent it.

Mr. RANDELL. If the tariff is taken off what per cent would that increase the imports into this country, in your opinion?

Mr. REISINGER. I suppose we would have a fair division in the market between the trust and ourselves.

Mr. RANDELL. In reference to the high-grade carbons?

Mr. REISINGER. Yes.

Mr. RANDELL. What could be done in this matter in reference to giving relief for the lower-grade carbons, making competition there?

Mr. REISINGER. As to the lower grades, we could not import them under any circumstances. It would be impossible, even if they were free of duty.

STATEMENT OF MR. J. S. CRIDER, OF CLEVELAND, OHIO, REPRESENTING THE NATIONAL CARBON COMPANY.

Mr. CRIDER. Mr. Chairman and gentlemen of the committee, at the meeting this afternoon a difference of opinion was observed between the importers and jobbers who handle both imported and domestic earthenware china; and I suppose it is only natural that the points of view of the importer who handles only foreign goods and the domestic manufacturer should be still farther apart.

Mr. CLARK. Do you want the tariff to stay as it is, Mr. Witness? Let us get at what you want.

Mr. CRIDER. I will give to you very succinctly, in a few words, practically what we want, sir.

We respectfully ask that that portion of paragraph 98 reading "Carbons for electric lighting, 90 cents per hundred" be amended by the addition of the word "feet," so that it will read "Carbons for electric lighting, 90 cents per hundred feet."

These carbons, commonly called "high grade," are used in various types of arc lamps for street and interior lighting, the principal length being 12 inches, and about 99 per cent of the total number used are from 9½ inches to 12 inches long. Prior to 1897 these carbons were imported only in the commercial lengths in which they were used for electric lighting.

When the present tariff was being considered an amendment introduced by Senator Quay provided for a duty of \$10 per 1,000 on carbons for electric lighting, 12 inches or less in length. In the joint conference the day prior to the passage of the act this was changed to 90 cents per 100, but in some way the important words restricting these carbons to commercial sizes were omitted.

Advantage of this was immediately taken by the importers and several lots of carbons were imported in 24, 28½, 30, and 36 inch lengths, being multiples of the 9½, 10, and 12 inch commercial lengths in which they are sold to consumers. By direction of the Treasury Department carbon sticks 36 inches in length were assessed as 3 carbons. This assessment was protested by the importers, who, while admitting the ultimate use of these sticks to be carbons for electric lighting, claimed that they were either dutiable under paragraph 98 at 90 cents per 100 pieces regardless of the length in which imported, or at 35 per cent ad valorem as articles composed chiefly of carbon, under paragraph 97, which reads:

Articles and wares composed wholly or in chief value of earthy or mineral substances or carbon, not specially provided for in this act, if not decorated in any manner, 35 per cent ad valorem; if decorated, 45 per cent ad valorem.

After hearing on the protest of R. F. Downing & Co. the United States general appraisers at New York held, on November 7, 1901—

That they are dutiable under paragraph 98 of said act, by virtue of the similitude clause, as carbons for electric lighting, at the rate of 90 cents per hundred.

The United States circuit court for the southern district of New York reversed the decision of the general appraisers and held that they are properly dutiable at 35 per cent ad valorem under paragraph 97, and this was upheld by the United States circuit court of appeals.

The Supreme Court of the United States on April 2, 1906, reversed the decisions of the circuit court of appeals and the circuit court, with directions to sustain the decision of the Board of General Appraisers.

The number of electric-light carbons imported in long lengths has steadily increased from the "test" shipments immediately after the passage of the act of 1897 until at the present time we believe practically all of them are brought in in lengths from 24 to 36 inches and a duty of 90 cents per hundred pieces is paid, when it was manifestly the intention of Congress to have that duty apply on electric-light carbons as they were then and still are used commercially, more than 99½ per cent being 12 inches or less in length.

As a result of the omission of length from the present tariff the Government has been defrauded of some of the revenue it should have had, and your petitioner, a large manufacturer of carbons for electric lighting and other purposes, has not been able to secure its share of the business in this commodity in the United States. The number of arc lamps requiring these "high-grade" carbons has increased practically 100 per cent in the last five years, but the reports of the Department of Commerce and Labor show that the value of electric-light carbons imported during the fiscal year ended June 30, 1908, was more than three times that of the year 1903, the actual increase being 217 per cent, whereas your petitioner has been able to increase this branch of its business only 27 per cent during the same period, and said reports further show that, while the declared value of carbons imported in 1908 increased 217 per cent, the duty paid increased only 37 per cent, owing to the fact that the number of pieces increased only a like percentage, thereby proving the increasing importation in long lengths. Such importation obviously presents opportunity for undervaluation, as there is no established market for such carbons by which prices can be checked, so it is quite possible that the increase in value of the carbons imported is actually more than the 217 per cent above stated.

The protection by restriction to commercial lengths, as requested, is necessary because of the vast difference between the cost of labor and raw materials in the United States and the cost of labor and raw materials in France and Germany, in which countries most of the imported electric-light carbons are made.

LABOR.

On account of the number of stages these carbons pass through during the manufacturing process and the care which must be exercised to keep out impurities and in sorting and gauging them, labor constitutes about 65 per cent of the total cost of manufacture. The wages paid in this country are about 200 per cent more than for similar work

in Germany and France, the average wage per day, according to our information, being as follows:

	United States.	Foreign.
Skilled labor.....	\$2.40	\$0.80
Unskilled labor.....	1.65	.50

RAW MATERIAL.

The raw materials used in the manufacture of "high-grade" carbons are produced in the United States, and the cost here is much higher than that abroad, a comparison of the ingredients comprising 99 per cent of the total being, as near as we are able to ascertain—

	United States.	Foreign.
Lampblack.....per pound.....	\$0.04	\$0.02
Carbon pitch.....per ton.....	20.00	9.00
Coal tar.....per barrel.....	8.50	1.85

These exhibits present strong evidence of the necessity for ample protection to the domestic manufacture of "high-grade" carbons, and we trust you will decide to amend that portion of paragraph 98 which relates to electric-light carbons by the addition of the word "feet," so that it will read "Carbons for electric lighting, 90 cents per hundred feet," and thereby prevent the evasion which has developed under the existing act.

Under paragraph 97 imported carbon brushes, carbon electrodes, and carbon specialties for telephone and other uses are assessed as articles composed wholly or chiefly of carbon, paying a duty of 35 per cent. On account of the great diversity of such carbons, a specific duty, based on either number or weight, would not be practical, but we believe that the ad valorem rate of 35 per cent is entirely inadequate, and recommend that this be increased to at least 45 per cent. No statistics covering these forms of carbon are published by the Government, so far as we are aware, but we canvass all of the consumers of such carbons and know that the importations are increasing, particularly in the case of carbon brushes.

(Mr. Crider also submitted the following letter:)

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, D. C., October 28, 1897.

COLLECTOR OF CUSTOMS,
New York, N. Y.

SIR: The appraiser at your port calls the attention of this department to the fact that manufactures of carbon electric lighting are imported at your port in lengths from 32 to 40 inches, and are claimed by importers to be entitled to entry under paragraph 98 of the act of July 24, 1897, at the rate of 90 cents per hundred as carbons.

The appraiser states that prior to the passage of the present tariff act carbons for electric lighting were exclusively imported in lengths from 7 to 12 inches, and that the present importation in lengths from 32 to 40 inches is purposely designed to evade the payment of duties which the act contemplated.

In view of the facts stated, and in order to reach an authoritative decision on the subject, you are hereby directed to classify such carbons at the rate of 90 cents per hundred, according to the commercial length which existed at the time of the passage of the tariff act of July 24, 1897, so that sticks of carbon 36 inches in length would be chargeable with duty as consisting of three carbons of 12 inches each, and other lengths in proportion.

Respectfully, yours.

W. B. HOWELL,

J. M. C.

Assistant Secretary.

Mr. UNDERWOOD. You heard what Mr. Cary said about the weight question, as to applying a specific duty of 25 per cent for weight. Do you think a specific duty of that kind could be applied?

Mr. CRIDER. I hardly think it feasible?

Mr. UNDERWOOD. Why? Oh, you have not finished your statement. I thought you had.

Mr. CRIDER. I was going to answer that further. He referred to a thousand half-inch by twelve carbons weighing 145 pounds. That is the weight of the carbons in the package. There is no duty on the package. The duty is on the carbons alone. They weigh 115 pounds. So, with his suggested tariff of $1\frac{1}{2}$ cents per pound I hardly see how he would figure that to be a 25 per cent ad valorem duty. According to my calculations it would be very much nearer 10 per cent.

Mr. UNDERWOOD. Outside of the percentage (which the committee can figure if it concludes to fix it that way), what do you say of the process of adopting a specific rate of weight instead of making an ad valorem duty?

Mr. CRIDER. Since the length is so nearly uniform, the average being, perhaps, 11 inches, I think the length presents a very much better basis; because as the size of carbon—the diameter—increases, the actual cost per pound of producing it is less.

Mr. UNDERWOOD. Are not some of these very large carbons and some very small?

Mr. CRIDER. Yes; but the percentage of those large carbons is exceedingly small. It is less than 1 per cent of the total.

Mr. UNDERWOOD. And how about the smaller ones?

Mr. CRIDER. The small ones?

Mr. UNDERWOOD. Yes.

Mr. CRIDER. I should say there is not more than 1 per cent of the total that is under $9\frac{1}{2}$ inches in length.

Mr. UNDERWOOD. What is the volume of business in this country in the sale of carbons of this kind, electric-lighting carbons?

Mr. CRIDER. The sale in this country of the common grade of carbon, which is made from petroleum coke (a raw material that we do not have at a reasonable price abroad), is, if my memory serves me, about forty millions. We had thought that the high-grade carbon was also about forty millions, but the importers have testified to that

being about fifty millions. We know that we sell only about twenty millions of that high-grade article.

Mr. UNDERWOOD. Is there any other manufacturer in this country that manufactures these high-grade carbons except the company that you represent?

Mr. CRIDER. I do not know of any other manufacturer of the high-grade arc-lighting carbon in the United States.

Mr. UNDERWOOD. And you have a monopoly of the American market, therefore?

Mr. CRIDER. Practically of that, because we are the only concern that has been able to make it. There are a number of other carbon manufacturers, but they do not make the electric-lighting carbon.

Mr. UNDERWOOD. It was stated here to-night by one of the witnesses that in the organization of your company only a certain percentage of the capital was actual cash and the rest was water. How was your company organized?

Mr. CRIDER. The company was not organized until January 16, 1899, instead of 1897, as has been testified. I was not one of the incorporators of the new company, and I can not tell you just how much real value there was in it.

Mr. UNDERWOOD. What is the amount of your capital stock and bonds?

Mr. CRIDER. The amount of the capital stock is \$4,500,000 preferred stock and \$5,500,000 common stock; no bonds.

Mr. UNDERWOOD. That is about \$10,000,000?

Mr. CRIDER. Ten million dollars.

Mr. UNDERWOOD. What interest do you pay on it?

Mr. CRIDER. We are paying 7 per cent on the preferred stock, and at the present time we are paying 4 per cent on the common stock. For some years it did not pay anything. It first paid 2 per cent and 3 per cent. This year it has paid 4 per cent.

Mr. UNDERWOOD. Have you a surplus?

Mr. CRIDER. We have a surplus of, I think, about \$400,000. I have forgotten the amount. That represents eight or nine years of existence.

Mr. UNDERWOOD. How much of your earnings in that nine years have you put into improvements and betterments?

Mr. CRIDER. I do not recall, sir.

Mr. UNDERWOOD. Have you put any into them?

Mr. CRIDER. Some of it has gone to provide machinery for making these high-grade carbons. It was stated here that the business in the country is about two hundred millions. Twelve years ago, I should say, it was possibly two hundred millions; but they were practically all these common copper-coated arc-light carbons that used to burn in the lamps where it took two carbons to run one night; and those lamps have been replaced by the long-burning inclosed type that only takes one carbon a week. That accounts for the fact that the consumption of carbon to-day is only, of all grades, eighty or ninety millions, despite the fact that there are probably three or four times as many lamps in service. Part of this money that you refer to has been used to provide the equipment for these newest types of carbons. We now have some plants that are practically obsolete. One of them is dismantled, another is shut down, and another not

running any more than half-time, simply because they were built in the days of those old-style carbons, to make this old-style copper-coated carbon; and the machinery of those plants is not adaptable to the high-grade carbon which the long-burning inclosed arc lamps use.

Mr. UNDERWOOD. These carbons are almost entirely made by machinery, are they not?

Mr. CRIDER. The actual forming of them, yes; but the labor is a very much larger percentage of the cost.

Mr. UNDERWOOD. The labor really comes almost entirely in assorting and packing, does it not?

Mr. CRIDER. There is a lot of it back of that.

Mr. UNDERWOOD. In what way?

Mr. CRIDER. In the preparation of the raw material and the mixing of that raw material—first the forming of it into small plugs to drive out part of the air; then those plugs are put into a hydraulic press, and then pressed out into the shape and size that are wanted. Then they are cut up to the proper length, carried to a furnace room, there packed by hand one at a time, taken out, put back in those furnaces for three weeks, and sorted one at a time down a plate, with a man looking under it to see that it is perfectly straight, gauged through a steel gauge one at a time to see if the size is right, put through a machine for finishing the end—that is smoothing it off—and then packed by hand.

Mr. UNDERWOOD. Does not machinery carry it to these other places, or is it done by hand?

Mr. CRIDER. It is trucked around by hand.

Mr. UNDERWOOD. What do you say is the cost of producing 1,000 arc-light carbons at your modern factory?

Mr. CRIDER. I should say that the cost of the carbon would fall between sixteen and eighteen dollars per thousand.

Mr. UNDERWOOD. What do you include in that cost? Do you include interest on your investment?

Mr. CRIDER. Yes, sir.

Mr. UNDERWOOD. And salary and labor, and cost of material?

Mr. CRIDER. That is something a manufacturer has to do.

Mr. UNDERWOOD. Do you charge anything up for betterments?

Mr. CRIDER. For depreciation, yes.

Mr. UNDERWOOD. For depreciation?

Mr. CRIDER. Yes.

Mr. UNDERWOOD. That includes all your cost?

Mr. CRIDER. Yes, sir.

Mr. UNDERWOOD. How much of that cost is labor?

Mr. CRIDER. I do not know whether you would call "selling" labor or not. Would you call that labor?

Mr. UNDERWOOD. No, no. I mean the labor, the factory cost. As you have the entire market, I suppose the labor of selling does not amount to very much?

Mr. CRIDER. Well, the foreign competition is rather active. [Laughter.] As near as we could figure it, the labor cost is close to 65 per cent. That cost which I have given you includes the package, however, which is not all labor. There is the wooden box itself.

Mr. UNDERWOOD. It includes the wooden box and the article ready to go aboard the car?

Mr. CRIDER. And the depreciation, and interest on investment, etc.

Mr. UNDERWOOD. The interest on your investment at the rate you have stated would be something like 9 per cent on \$10,000,000, would it not—oh, no; that is wrong. Deduct the cost of your interest on the investment, and what does it put that at?

Mr. CRIDER. I have never worked it out that way, on the basis of 1,000 carbons.

The ACTING CHAIRMAN (Mr. DALZELL). That is all. We will now hear Mr. Fillmore Condit on the subject of asphaltum. Is Mr. Condit here?

Mr. CONDIT. I am.

STATEMENT OF MR. FILLMORE CONDIT, OF CALIFORNIA.

Mr. CONDIT. Mr. Chairman and gentlemen, I have been asked by the committee on tariff revision of the board of trade of the State of California to present a very brief statement with reference to asphaltum, which is one of the important products of that State.

Representing the wishes and interests of producers and refiners of asphalt in California and other States, we ask a change in the tariff rates on imported asphaltum, as stated in paragraph 93 of act of July 24, 1897.

The present rates are \$1.50 per ton on crude and \$3 on refined material.

We ask that these be changed to \$3 per ton on all asphalt containing less than 60 per cent bitumen and \$5 per ton on all containing over 60 per cent bitumen, both crude and refined.

The lower rate would admit all Trinidad asphalt, while Venezuela material would be subject to the higher rate.

At the time the existing tariff act was enacted it was not known or understood that any important supply of asphalt existed in our own country. It is now known that we have a supply greatly in excess of the entire needs of our people.

There are now three great sources of supply of asphalt of reliable quality—California, Trinidad, and Venezuela.

The deposits of Trinidad and Venezuela are inexhaustible in extent and can be loaded, transported, refined, and delivered by sea at New York for \$12 per ton.

Owing to greater cost of production and rail transportation, California asphalt can not be delivered at New York at present for less than \$20 per ton.

Seventy thousand nine hundred and ninety-two tons of asphalt were brought into our country last year from Trinidad and 33,921 tons from Venezuela. The average duty on this, at the rates we ask for, would have been \$3.64 per ton.

We understand that our nation declared November 3 in favor of "the imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries."

If the tariff rate on imported asphalt were fixed in exact accordance with this principle, it would be not less than \$8 per ton. We ask only an average of \$3.64.

The tariff rates paid our Government averaged 23.2 per cent on the value of all goods imported into our country last year.

If the rate on imported asphalt should be fixed at 23.2 per cent of its market value, the average duty would be \$4.64 per ton. We ask only \$3.64.

We are asking less than we are entitled to, whether the rates are fixed in accordance with protective or "revenue only" principles.

It may be claimed that the rates we ask for may involve hardships for consumers of asphalt and cities needing pavements.

May we point out that low tariff rates, low cost of production, and cheap sea transportation from Trinidad and Venezuela have never benefited American consumers of asphalt or American cities?

Previous to the enactment of the act of July 24, 1897, these asphalts were admitted free of duty, yet the market price of asphalt was steadily maintained many years at \$35 per ton, and paving prices averaged about \$3.50 per yard in cost.

During the last ten years, through the strenuous competition of asphalt from California and other parts of our land, the average market value of asphalt has fallen to \$20 per ton and paving prices to about \$1.75 per yard.

The great deposits of Trinidad and Venezuela have during most of their history been controlled by a single corporation, and now only by two. There are now 27 companies and firms in California alone engaged in producing and marketing asphalt.

The whole history of the industry proves that our domestic production and domestic competition must be depended upon, and not foreign, to secure any further reduction of prices to consumers of asphalt.

We are not asking "more protection." The present tariff rate on asphalt has never afforded any protection whatever to our own consumers of asphalt and but little revenue to the Government. The slight advance in rates we ask, if added to present paving prices, would equal about 3 cents per yard. The operation of the present tariff indicates that a further decline is more likely to occur.

The asphalt producers of the Pacific coast have saved millions of dollars for the taxpayers of our cities, and have labored under large disadvantages.

They now ask consideration—trust our plea will be favorably considered.

MR. UNDERWOOD. I notice that the imported product, in asphalt, amounted in 1907 to only \$3,000 for one item and \$22,000 for another.

MR. CONDIT. Pardon me. That is an error. You are apparently looking at some wrong place there. There were over 100,000 tons imported last year. You will find it in some other place there.

MR. UNDERWOOD. One hundred thousand tons imported?

MR. CONDIT. Yes, sir.

MR. UNDERWOOD. What was the consumption of asphalt in the country?

MR. CONDIT. The entire consumption last year approximated 200,000 tons.

MR. UNDERWOOD. Then, the home market produced 50 per cent, or supplied 50 per cent?

MR. CONDIT. The home producers produced about one-half.

MR. UNDERWOOD. And what you want to do is to get an increase of the tariff that will equalize the freight rate, in carrying the asphalt across the continent. is it not?

Mr. CONDIT. Not to equalize the whole, but to equalize about one-half, or less than one-half—the difference between rail transportation across the continent, and sea transportation between the West Indies and our market.

Mr. UNDERWOOD. Now, we have got a tariff that is bringing in some revenue on this proposition. Do you think that Congress would be justified in putting this enormous tax—asphalt is a very heavy product to move—on the American people for all that paving in order to allow the Far West asphalt producers to ship their asphalt across the continent?

Mr. CONDIT. There are several answers to your question. The first one is that previous to the present tariff all those imported asphalts were let in absolutely free. A tariff in 1897 was first imposed, and the result has been since that that the market cost of asphalt has fallen one-half. So there has been in the past no tax laid upon the people through tariff rates, and we are confident that increasing the tariff would not result in increased prices to the consumers.

Mr. UNDERWOOD. Do you not think that the foreign product coming in here would be sold to the consumer cheaper if this 20 per cent duty was taken off?

Mr. CONDIT. We are confident that it would result in no difference to the consumers. Permit me to say that on the asphalt coming from Venezuela at present our Government receives \$1.50 per ton. The Venezuelan Government receives \$7 on each ton that is sent out, without one dollar of expense.

Mr. UNDERWOOD. On that product that \$7 is a protection to you. You get \$7 protection per ton as against that foreign product; besides that \$1 that is put on here.

Mr. CONDIT. It is true that that is of benefit to us, and still, notwithstanding that, we can be undersold in a large part of our home market.

Mr. UNDERWOOD. That is due to the heavy freight rates across the continent, whereas the other product has a water freight.

Mr. CONDIT. Almost entirely so.

Mr. UNDERWOOD. Do you think where an industry or product in this country that is very heavy and requires a heavy freight rate, is far distant from the consuming market, Congress should put a heavy tariff on it to enable it to control the American market at the expense of the consumer?

Mr. CONDIT. We can not consider that the tariff we propose, which would be equivalent to 18 per cent ad valorem, would be considered a heavy tariff when we recall that the average of all tariff rates, including all items on the free list, amounts to over 23 per cent.

Mr. UNDERWOOD. I would suggest there that this asphalt is a raw product that is dug out of the ground, and the question of labor cuts a very small figure. On the other hand, in the tariff rates that we have levied where there is a high ad valorem duty there is a great deal of labor to be considered in the product, and the labor cost of the product is very great, whereas the labor cost of your product is very small.

Mr. CONDIT. May I say that the imported material is, as you suggest, dug from the ground at little or no cost, and with little or no labor expense at any stage of the operation. The California asphalt is one of the products of manufacturing or refining California

petroleum, it having a varying percentage of asphalt of from 25 to 50 per cent; and it is labor, labor, and cost of labor at every point in the operation. The cost of our material is about \$10 per ton in California, and of that \$8 probably represents labor; while the imported material coming in here represents no payment to American labor.

The CHAIRMAN. Is there anything further?

Mr. UNDERWOOD. That is all.

The CHAIRMAN. That is all. We will now hear Mr. Frank C. Partridge, of Proctor, Vt., on the subject of marble.

STATEMENT OF MR. FRANK C. PARTRIDGE, OF PROCTOR, VT.

Mr. PARTRIDGE. Mr. Chairman and gentlemen of the committee. I have been delegated to present a memorial to you with reference to the tariff on marble. It is signed by seven companies in Vermont, two in New York State, three in Massachusetts, one in Maryland, six in Georgia, twelve in Tennessee, one in Alabama, and one in Colorado, and by a committee of seven representing the marble industry of New York City, and by the president of the committee of the National Association of Marble Dealers. It is stated in the memorial that its signers represent more than 90 per cent of the American marble producers, the foreign marble importers, the marble mills, and marble manufactories of the United States; and I think that is a conservative statement, and in fact that they represent 90 per cent probably of each one of those classes.

Eighty per cent of all the marble that comes into this country from abroad comes from Italy, so that in any comparison of conditions it is necessary to make that comparison with Italy. The first process in the production of marble for use is taking the product out of the quarry and making what we call blocks; and of the importations of marble into this country 69 per cent in the last five years—and that is a fair percentage as it has averaged right along—consists of these blocks.

The second process is the product of the mills, the sawed marble or slabs which come from cutting down the blocks. That constitutes about 6 per cent.

The third process is the finishing and rubbing and polishing and other work that is put upon this product of the mill, to put it into condition for its finished use. That constitutes, of the foreign marble, some 22 per cent of all that is imported.

I will not burden you by reading in detail the memorial here, but I want to call your attention to a few of its essential points.

In the first place, we say that foreign marble is a proper commodity upon which to raise revenue. People of moderate means use very little marble, except for cemetery purposes, and for that they use a large amount. But they now use, and they will continue to use, American marble almost exclusively, especially in all the northern part of our country, because it is better suited for outdoor use and is cheaper than any of the foreign marbles that are imported. Foreign marbles that are imported are either a high grade of light marble or else fancy marble, and they belong to the class of what we call "luxuries." They depend more upon general variations of conditions of prosperity than upon variations of price. That

is demonstrated by the fact that under the business depression beginning in 1893 the total importation of marble fell, in round figures, from \$1,100,000 for the year ending June 30, 1893, to \$700,000 for the next year, and under the business depression which began about a year ago, almost in the middle of the fiscal year, the total importation of marble fell from \$1,500,000 to \$1,100,000.

The next consideration to which I wish to call your attention is that a duty on foreign marble tends to reduce the price of the medium and cheaper grades of American marble. That is not a theoretical proposition, but it is a practical proposition, due to the character of the American marble deposits. The finer grades, the medium grades, and the cheaper grades are all found together in one deposit, and it is necessary to quarry the cheaper grades in order to quarry the finer grades; so that the more there is produced of the finer grades of marble the more there will be produced of the cheaper and medium grades, with a tendency to reduce their price. In fact, there is a good deal of marble used in the United States for cemetery purposes and considerable for building purposes which could not be produced for the cost for which it is sold if it were not that it was produced in this way, in connection with the finer grades of marble.

That is illustrated by the actual results of the business of the company with which I am personally connected. During the last five years my company has sold 45 per cent of all of its marble for less than \$1 per cubic foot. That is, it has sold it in that condition after it leaves the mill—its second operation; not in the block, but after it leaves the mill. Fifteen per cent was sold for from \$1 to \$2 per cubic foot, 34 per cent was sold for from \$2 to \$3 per cubic foot, and 6 per cent was sold for \$3 and over per cubic foot. Thus it will be seen that the first two grades, or 60 per cent of the entire production, is not in competition with foreign marbles. It is sold cheaper than the foreign marbles can be. Considerable of the third division is sold below the price of Italian marble and considerable of the fourth above it.

The next consideration to which I wish to call attention is that a protective duty on marble is necessary; in the first place, because the Italian quarries have certain natural advantages over the American quarries. The marble deposits in Italy lie upon the surface of the ground, upon the mountain, and are exposed so that they are blasted off, and then the blocks are pointed or scabbled into shape, whereas our deposits in this country—in all parts of the country—Vermont, Georgia, Tennessee, and all sections, lie below the surface of the ground, and they have to be first uncovered at considerable expense, and then they have to be actually cut out by machinery. We get no advantage from the use of machinery, because that is more than offset by this difference in conditions that I speak of. We use machinery in cutting out the blocks in this country because it is cheaper to do it that way. They do not use machinery in Italy ordinarily, because it is cheaper to do it the way they do it. We do not derive any protection from freight, because the average rates of freight from American quarries to the principal distributing points in the United States will average as much as from Italy. I will illustrate that simply by one or two cases. Take New York, for instance. The rate of freight on marble by steamer to New York from Italy is approximately 36 cents a cubic foot. It costs 25 cents per cubic foot to take it to New York from Vermont. It costs 65 cents to take it there from

Tennessee. It will cost as much as that to take it there from Georgia or Alabama. Now, you take Baltimore, and the rate is the same. It is, say, 38 cents per cubic foot from Italy to Baltimore. From Vermont it is 37 cents—practically the same—and from Tennessee it is 39 cents. When you come to New Orleans it is about 40 cents from Italy, 74 cents from Vermont, and 35 cents from Tennessee. As you take the average of it the freight is practically the same. It will average as much to the principal distributing points from the American quarries as from the Italian quarries.

The third consideration under that head that I wish to call your attention to is that marble represents almost entirely labor. The blocks as they come out from the quarry are not the raw material. The raw material, as it lies in the mountain, undeveloped in this country, is of little value, and the prevailing rate of royalty that is paid to a landowner for the right to quarry marble upon his land is 5 cents per cubic foot of merchantable marble produced. Two-thirds at least of the expense of the production of marble is for labor directly, and a considerable further percentage goes into coal and other materials which involve labor indirectly, so we estimate that probably 90 per cent of the cost of production of marble is directly or indirectly labor, and that makes in a peculiar sense competition between the labor of Italy and the labor of this country.

The duty upon marble, besides being proper as an article of luxury, tends to decrease the price of the cheaper and medium grades of marble, and the use of those marbles is peculiar to this country. There is no other country where marble is used as it is here. That is because they have this cheaper-priced marble. It also has afforded, and is affording, protection to the development of the wonderful marble deposits which we have in this country. There is marble found in every State along the Appalachian Range, from Alabama to Vermont, and it is found in Missouri, Colorado, and other States in the West. At the present time the most active development in the opening of marble quarries is probably in Colorado and Alabama, and in Alaska.

The difference in the cost of labor employed in the production, sawing and manufacture of American and foreign marbles is much greater than the present rates of duty, and those rates are not sufficient to equalize in our own markets the position of the marble quarries, mills, and shops of the United States with like industries abroad.

Among such varying interests as have joined in this memorial there are varying shades of individual opinion; but we have all united in recognition of the fact that the present rates of duty upon marble are essentially just. We recognize also that they have been long established, since 1883, except for a short period from 1894 to 1897, when they were slightly reduced, and that trade relations have become adjusted to them; and therefore the signers of this memorial, representing these varying interests, American producers, mills, shops, and foreign importers, have joined in the request that the present rates of duty on marble be left as they are.

I simply desire further to call attention to two or three matters of collateral interest to marble; that is, interests which do not affect the question of the rates. The first is, that there is a difficulty with the item of what is called "manufactures of marble." We do not ask

for any change in this rate, but the fact is that the so-called "works of art" paragraph or clause essentially nullifies the protection which would naturally be afforded by the duty on manufactures of marble. The tendency is to attempt to treat and to incline to think that anything in the way of marble which has been finally worked and comes in here is some work of art. That claim is made, and in fact its result is such with respect to the importation, for instance, of altars, that it is practically impossible at the present time for American shops to make altars in competition with foreign shops. We do not ask for any change of the rate, but we do think that the "works of art" clause should be so expressed or so safeguarded that it will be held more strictly to cover those things which are in effect artistic, or of an art nature, and not to those things, say, which enter into the inside of a building and are simply an architectural part of it.

The second matter to which I wish to call attention is that at the present time, under paragraph 117, limestones unmanufactured are dutiable at 12 cents per cubic foot—less than one-fifth the marble rate. Under this paragraph the right is claimed to import Istrian, Hauteville, Botticino, and other fancy stones, which are sold and used in direct competition with regular high-grade marbles. The ordinary sense in which the word "marble" is used, as defined by many of the dictionaries and encyclopedias, is "any limestone which is capable of taking a polish or being used for highly decorative purposes;" but a more technical and restricted definition would be "any limestone that is crystalline in structure." All marble is limestone, but all limestone is not marble.

Now, the Board of General Appraisers, following the more popular definition, have ruled that Hauteville should be treated as marble, and that Istrian should be treated as marble; but the case of Istrian has been taken to the United States circuit court, and to the United States court of appeals, and it has held, following the restricted definition, that it should be treated as limestone. So that at the present time the whole matter is much confused and is still in litigation, and the duty is being paid upon those stones under protest.

It is no matter of ours, and we do not wish to bother you about the question of what is the proper interpretation of the wording of the present act, but we simply make the point that in the new act these stones ought to be treated and classed according to the use for which they are intended and put on an equality with the stones with which they compete. That would require them to be put into the class of marble. We mean those limestones which are capable of being polished and which are used, and are capable of being used, for interior decorations. We do not mean the common limestone which is used for common building purposes and not for the higher decorative purposes, which should continue to be classed with freestone, sandstone, and other stones.

The CHAIRMAN. There has been a duty varying all the way from 40 per cent to upward of 100 per cent, and for one or two years, in one or two schedules, 230 per cent, yet you come in here and state that the duty is not more than equal to the difference in cost of marble here and marble abroad. You do not nullify that by showing the details of the cost either abroad or here, so far as it appears now. There is not a single word about it. You state that machinery is used here in quarrying marble, while, labor being cheap in Italy, it

is done there by hand. Is it not a fact that since this schedule was adopted a machine has been invented, and is being used in Proctor, Vt., somewhat on the plan of an ice-cutting machine, moved by power, and cutting seams in the marble, whereby the marble is easily quarried? And by reason of that is there not an immense saving of expense in quarrying the marble?

Mr. PARTRIDGE. I do not understand what the ice-cutting machine is that you refer to, but we have in American quarries what are called channelers. They are nothing but drills, that are so set that instead of being used by hand they are raised, and keep thumping along like that [indicating], and are carried along by power. They simply drill out the rock.

The CHAIRMAN. That is, perhaps, the machine that was meant. It is under a patent that is owned by Senator Proctor, and was invented by an employee of his.

Mr. PARTRIDGE. No; there is no patent—

The CHAIRMAN. Well, I received the information from a man who used to live in the town there. He gave me that information as to that saving of expense in the quarrying of marble. Now, you say, yourself, that you get it out by machinery, and in Italy they do not use machinery, because their labor is cheap.

Mr. PARTRIDGE. I say two things, Mr. Chairman. The things which make the difference are these: In Italy labor is cheaper, and also the condition of the deposit there is such that it lies exposed upon the side of the mountain, so that you can go up on it and drill a hole down and blast it and roll it off. Our deposit is the same as if it were under this table [indicating]. You could not put a blast in here, because it would shatter it entirely. You have got to go down and literally cut it out.

The CHAIRMAN. Was not this schedule raised in 1893?

Mr. PARTRIDGE. Yes; it was raised in 1893.

The CHAIRMAN. It was raised in the Senate from the House bill?

Mr. PARTRIDGE. It was raised in this way: In 1894 the schedule on blocks was reduced from 65 cents to 50 cents, and in 1897 it was put back.

The CHAIRMAN. No; in 1897 it was made a specific duty in the Senate.

Mr. PARTRIDGE. It was a specific duty before on blocks.

The CHAIRMAN. And there was a considerable raise in the McKinley Act before.

Mr. PARTRIDGE. No; I beg your pardon.

The CHAIRMAN. Well, it is my recollection that it was raised a good deal over the Dingley bill as it passed the House.

Mr. PARTRIDGE. I do not know, as between the House and the Senate—

The CHAIRMAN. Well, I remember it distinctly. In the law to-day it is higher all along the line than it was in the Dingley bill as it passed the House. With these results, with practically no importation during these years, except of rough marble, I suggest to you that you furnish this committee with the fullest information as to the cost of marble, relatively, abroad and at home, so that we can have some basis for action. I only suggest that on my own hook. I do not know what the rest of the committee think about it.

Mr. PARTRIDGE. I will be very glad to furnish any information you want. I think it would be more satisfactory, undoubtedly; though, if you want me to give you a schedule of prices of labor, that I should carefully prepare it and hand it in rather than to attempt to give it to you here in a general way.

The CHAIRMAN. I want you to take your time, and to file a brief before the 4th of December, if you can; but I want it thoroughly done; and so far as I am concerned, after it is done, the committee may see fit to ask you to come before it, and may seek to go further with the matter. We want the fullest information.

Mr. PARTRIDGE. I want to leave the matter clear, that as to the former bill that you speak of, and as between the House and Senate, I know nothing about that; but the rate upon blocks, which to-day is 70 per cent of all the importation, and always has been, is the rate that was fixed in 1883. It was 65 cents a cubic foot. In 1894 it was reduced to 50 cents, and in 1895 it was put back to 65.

Mr. UNDERWOOD. What is this 60 per cent?

Mr. PARTRIDGE. It is the specific duty.

Mr. UNDERWOOD. What is the ad valorem rate?

Mr. PARTRIDGE. I can not tell you, on the average of the whole, for the reason that the marble that comes in from Italy is worth in Italy all the way from \$1.25 a foot away up to these blocks that sell for \$4, \$5, and \$6 a cubic foot.

The CHAIRMAN. My recollection is that one paragraph was raised over the McKinley bill from \$1.10 to \$1.50 a foot. That is, on dressed marble and sawed marble, I think. I have not time to go through all of them, but I think if you take the time you will find it.

Mr. DALZELL. Marble of all kinds in the block, rough or squared, under the McKinley bill was the same as it is now—65 cents per cubic foot.

Mr. PARTRIDGE. Yes, sir.

Mr. DALZELL. But veined marble, sawed, dressed, or otherwise, including marble slabs and marble paving tiles, is \$1.10 per cubic foot.

Mr. PARTRIDGE. That is a sort of which very little is imported.

Mr. DALZELL. Sawed, dressed, and all, under the Dingley bill, was \$1.10—40 cents a foot higher than it was under the McKinley bill.

Mr. BOUTELL. I would like to ask you whether the interests you represent have any views with reference to placing upon the free list works of art, such as marble statues, sculpture, and so on?

Mr. PARTRIDGE. If they are truly works of art, I do not think the interests I represent, or those who are associated in this memorial with me, have any objection to their admission free. What we claim is that at present that designation is very much abused, and in such a way that it practically nullifies any protection under that item of manufactures. If statues are really and truly works of art, I do not know why it is not proper to admit them. I have nothing to say against it, so far as the interests I am connected with are concerned.

Mr. COCKRAN. The Carrara Italian marble is of superior quality to the American marble, is it not?

Mr. PARTRIDGE. I would not like to admit it.

Mr. COCKRAN. As a matter of fact it is more generally used for interior decoration of houses?

Mr. PARTRIDGE. I do not know that it is. It is a marble that is very usable for interior purposes, and at one time it was used much

more exclusively. At the present time, however, when you come to interior decorations, there is a good deal of Italian marble used and a good deal of American marble of light shades used. Of course there is a good deal of fancy marble used. There is marble produced in the United States that sells for a higher price than the Italian marble.

Mr. COCKRAN. Where is that produced?

Mr. PARTRIDGE. It is produced in Vermont. Of course there is only a small quantity produced. It may be that there will be a little vein that comes out of a large mountain, possibly.

Mr. DALZELL. I want to make a correction. The \$1.50 per cubic foot under the present bill is on marble or onyx, sawed or dressed, over 2 inches in thickness.

Mr. PARTRIDGE. It is partly manufactured, I think.

Mr. DALZELL. Marble or onyx, sawed or dressed, over 2 inches in thickness, \$1.10 per cubic foot.

Mr. PARTRIDGE. That is my understanding—slabs over 2 inches in thickness. That is sawed marble, after it is quarried and after it is sawed. Then there is a specific duty on different thicknesses of slabs, I understand.

Mr. COCKRAN. Do you find enough of that fine marble in the United States to meet the demand for interior decorations?

Mr. PARTRIDGE. Yes; I think so; although I do not anticipate that the foreign fancy marbles would be kept out of the United States, or that they ought to be kept out. I illustrate it in this way: The importation of foreign marble into the United States has increased threefold under the present system of tariff since along in 1883, 1884, and 1885, and immediately preceding the time when the tariff in 1883 was fixed upon marble. The tendency has not been to keep it out. It has grown as the marble business has grown.

Mr. COCKRAN. Do you believe that the production of that kind of marble has kept pace with the development and construction of fine buildings?

Mr. PARTRIDGE. Yes, sir.

Mr. COCKRAN. What I wanted to get at was whether the vast majority of that fine marble used for interior decoration was not Italian?

Mr. PARTRIDGE. No; I do not think it is, necessarily. There is a great deal of marble used for interior decoration that comes from Tennessee. They have many colored marbles there. There is some used that comes from Vermont. Vermont has not as much highly decorative marble as some other sections. Then, of course, there is considerable of the Italian and French marble used, but of the entire decoration, if you go through buildings, you will find a great deal of American marble used in interior decoration.

Mr. CLARK. Are not all of the Italian quarries that are of any account owned by Vermont men?

Mr. PARTRIDGE. I do not think a Vermont man has any interest in any quarry in Italy.

Mr. CLARK. You have read, in the course of time, that Senator Proctor was the absolute owner of those quarries in Italy, have you not?

Mr. PARTRIDGE. I know that is absolutely wrong. I was associated myself with Senator Proctor very intimately. I am vice-president

of the company of which he was president before he came to Washington as Secretary of War. I know all about his relation with the marble business. He never had one cent of interest in any marble business in Italy at any time.

Mr. CLARK. Well, what do you want?

Mr. PARTRIDGE. What I want is that the rates upon marble be left as they are.

Mr. CLARK. Away up yonder? Do you not think that you could stand a little cut down in the interest of raising revenue to run the Government?

Mr. PARTRIDGE. No; I do not. I think that the interests of the American producers of marble and of the American shops and of the American mills—and, mind you, the American shops and the American mills are the manufacturers and sawyers of foreign marble as well as the native marble—

Mr. COCKRAN. How do you mean? Make that clear, if you please.

Mr. PARTRIDGE. I mean to say that there are four distinct marble interests. There are the producers of American marble. That is one class—the people who quarry the American marble. Then there are the millmen, who buy and saw either foreign or native blocks; and there are the manufacturers of marble, who manufacture either native or foreign marble. These manufacturers of marble may have no interest whatsoever in any American quarry of any kind, but they are interested in this matter of being protected by the tariff just as much as the quarrymen are. And these millmen, who are interested in sawing the marble, whether it be Italian, French, or Georgia marble, are interested in being protected the same as the quarrymen. The quarrymen constitute only one of the three classes that are receiving benefit from the tariff on marble.

Mr. COCKRAN. Large quantities of that Italian marble are brought in and manufactured here?

Mr. PARTRIDGE. Yes.

Mr. COCKRAN. In the rough?

Mr. PARTRIDGE. It is all, practically, brought in in the rough. I mean, in these blocks. About 69 per cent, or more than two-thirds, comes in in blocks. Then it is used here. It is sawed and manufactured here.

Mr. COCKRAN. Then it is an element of importance to the industry or to the people to get that on reasonable terms, is it not?

Mr. PARTRIDGE. They get it on reasonable terms now.

Mr. COCKRAN. You think the present rate is reasonable?

Mr. PARTRIDGE. Yes; I think the present rate is reasonable, and that is why the Italian marble-importing interests here, those who are interested in the importation of blocks and in the sawing of marble, recognize the general justice of the present arrangement of those rates; and those represented here represent the importing interests as well as the American interests.

Mr. COCKRAN. Do you claim to represent the Italian producers?

Mr. PARTRIDGE. I claim to represent them, because we have joined in this memorial, and they have asked me to present the memorial as the common memorial or expression of us all. Of course, when you ask me questions involving my individual opinion, I am speaking from the standpoint then of a man who is interested in the American

producing interest; but I present this memorial, and I present the request that these rates be left as they are, not alone at the request of the American marble producers but at the request of the American mill men, the American manufacturers, and of the foreign importing marble interests, who derive protection if they run mills or shops, and who recognize the general justice of the arrangement as it stands.

Mr. CLARK. Why do those foreigners want the tariff to stay the way it is now—just as an intellectual puzzle, now? [Laughter.]

Mr. PARTRIDGE. I do not think the Italian marble firms who send marble over here desire to have any duty left upon marble at all. I think they would be very glad to take it all away.

Mr. CLARK. How do they come to join in this memorial, then?

Mr. PARTRIDGE. The importers here are not the owners of those quarries.

Mr. CLARK. Let me ask you another question. There is a big hole in the revenue. There was a deficiency last year of \$48,000,000 or \$64,000,000—I have forgotten the amount—and we are running behind now at the rate of about \$8,000,000 or \$9,000,000 or \$10,000,000 a month. The Government has got to raise more revenue in some way or other. Are you not willing to cut down the tariff on marbles just a little, so that a little more marble will come in, and so that the Government can get a little more revenue out of it?

Mr. PARTRIDGE. I do not think you would succeed in raising substantially any more revenue by cutting down the tariff on marble.

Mr. CLARK. Oh, yes; we would. On every cubic foot of the stuff that came in we would get some revenue.

Mr. PARTRIDGE. Well, you ask my opinion, and I do not think that in reducing the tariff you would succeed in materially increasing the revenue.

Mr. CLARK. Waiving that, whether we could or not, suppose I could convince you that we could. Then would you be willing to chop down your tariff a little in order to help the Government out of the hole?

Mr. PARTRIDGE. No; I would not.

Mr. CLARK. If all of the other protected interests reasoned the way you do, how could the Government ever get money enough to get out of the hole?

Mr. PARTRIDGE. I say that for this reason—

Mr. CLARK. I do not care about your reason. I just wanted to know whether you were patriotic enough to undertake to help the Government to get out of the hole.

Mr. PARTRIDGE. I hope I am patriotic; but at the same time I have to answer in that way. If I am allowed to explain it, I will do so, but if not, I will leave it there.

Mr. CLARK. You are not patriotic enough to hurt, are you? We do not want any reasons.

The CHAIRMAN. That is all.

(The memorial presented by Mr. Partridge is as follows:)

TARIFF ON MARBLE.

To the Honorable the Committee on Ways and Means, House of Representatives:

The presenters of this memorial represent more than 90 per cent of the business of the American marble producers, the foreign marble

importers, the marble mills, and marble manufactories of the United States.

By the tariff act of March 3, 1883, the rates of duty on all classes of marble were materially reduced. The act of October 1, 1890, made no change. The act of August 27, 1894, somewhat reduced these rates; but the act of July 24, 1897, restored the rates of 1883, with only a slight change in the classification of the unimportant items of slabs and mosaics.

Eighty per cent of all the marble imported into the United States comes from Italy. Any comparison, therefore, of the relative methods and conditions of producing marble at home and abroad is necessarily with Italy.

The first process in the production of marble is the quarrying of blocks. The conditions of quarrying in this country and in Italy are very diverse. The deposits in the United States are often deep below the surface of the ground, and in all cases it is necessary to actually cut the blocks out of the quarry by machinery or tools to avoid shattering the marble. In Italy the deposits are exposed on the surface of the mountain, and the blocks are simply blasted off and afterwards pointed or scabbled into regular shapes.

The second process is the sawing of these blocks into slabs the full size of the block, or into smaller pieces, sawed to size, for parts of monuments, or other specific purposes. The full-size slabs are finally coped, or broken, into slabs of smaller dimensions.

The third process is the finishing of sawed marble by rubbing, cutting, carving, turning, polishing, etc., for its final use.

For the six years ending June 30, 1908, 69 per cent in value of all marble imported into the United States was in blocks, 6 per cent in slabs, 22 per cent in manufactures of marble, and 3 per cent in mosaic cubes. Almost the entire importations of onyx is in blocks.

Foreign marble is a proper commodity upon which to raise revenue.

People of moderate means use little marble except for cemetery purposes. For that they use a large amount, but they now use, and they will continue to use, American marble almost exclusively, because it is better for outdoor use, and that mainly used in cemeteries is cheaper than any foreign marble would be even if admitted free of duty. Foreign marbles imported into the United States are either colored marbles or expensive grades of light marble. They are a luxury and their use depends more upon conditions of general prosperity than upon variations of cost. For example, under the business depression beginning in 1893 the total importation of marble fell from \$1,135,176.23 for the year ending June 30, 1893, to \$711,289.80 for the year ending June 30, 1894; and under the business depression beginning in November, 1907, the total importation fell from \$1,536,156 for the year ending June 30, 1907, to \$1,159,543 for the year ending June 30, 1908.

The duty on foreign marble tends to reduce the price of the medium and cheaper grades of marble.

The production of Italian marble is confined to a small territory about Carrara, and its export price to this country is controlled by

a few Italian firms. In so far as the duty on marble is not, in effect, paid by them, it operates to tax the wealthier consumer who buys expensive ornamental marble, while the buyer of grades of marble in common use by the people at large gets them at a lower price by reason of the tariff. The finer grades of American marble are so mixed with the cheaper grades in the same quarries that they must be worked together. The more of the finer there is produced the more of the cheaper grades there must be, and the lower their price. The marble in ordinary use for cemetery purposes and much of that used for building purposes could not be produced by itself alone for the price at which it is sold. It is the production from the same quarries of the higher grades of ornamental marbles competing with foreign marbles that admits of the production of much of the cheaper marble.

Of the total output of sawed marble for the last five years of the largest American producer, whose quarries produce the highest-priced marble in this country, (1) 45 per cent was sold for less than \$1 per cubic foot, (2) 15 per cent for \$1 to \$2 per cubic foot, (3) 34 per cent for \$2 to \$3 per cubic foot, (4) 6 per cent for \$3 and over per cubic foot. None of the first and second divisions and only a part of the third and fourth are in competition with Italian marble. Considerable of the third division is sold below the price of Italian marble and considerable of the fourth above it.

A protective duty on marble is necessary.

Any advantage to American quarries from machinery is more than offset. The Italian quarries have certain natural advantages over the quarries of the United States. In the first place, almost their entire product is high-priced marble, and hence the cost of quarrying it is a much less percentage of its selling price than in the case of American marble. The character of the Italian deposits, as hereinbefore explained, more than offsets any advantages accruing to American quarries from the use of machinery. Machinery is used in our quarries from necessity and it is not used in the Italian quarries, by the larger producers at least, because the present method is cheaper.

The American quarries derive no protection from freight. To the principal distributing points in the United States the freight will average as much as from Italy. For example, the present rates per cubic foot are approximately: To New York from Italy by steamer, 36 cents; from Vermont, 25 cents, and from Tennessee, 65 cents; to Baltimore from Italy by steamer, 38 cents; from Vermont, 37 cents, and from Tennessee, 59 cents; to New Orleans from Italy by steamer, 40 cents; from Vermont, 74 cents, and from Tennessee, 35 cents; to San Francisco from Italy by steamer, 90 cents; from Vermont, \$1.33 by steamer or \$1.80 all rail, and from Tennessee, \$1.80. The comparison from the Georgia and Alabama quarries would be quite as favorable to the Italian quarries, and from the Colorado and Alaska quarries still more so. Our quarries, therefore, even in our own market have no natural protection against those of Italy.

Blocks are not raw material, but represent almost entirely labor. The raw material in the mountains in Italy is of relatively small value, but the cost of the blocks is chiefly the labor required to quarry

them and move them to the seaboard. In this country also an undeveloped quarry is of little value. The prevailing royalty paid a landowner for the right to quarry marble on his land is only 5 cents per cubic foot of merchantable marble produced. Two-thirds of the expense of producing marble in this country is for labor direct, and about one-fourth for supplies and material, including machinery, iron, tools, coal, etc. It is estimated that 90 per cent of the expense of the production of marble is directly or indirectly for labor. The competition between Italian and American marble, therefore, is peculiarly a competition between Italian and American labor.

The present rates of duty on marble ought not to be reduced.

The duty on marble yields a revenue on an article which is a luxury. It tends to decrease the cost of the cheaper grades of marble which are used by the people at large. It is the protection afforded the high-priced marble that has made possible the production and use in the United States of great quantities of medium and cheaper grades of marble for cemetery purposes, buildings, etc. Such use of marble is entirely peculiar to our own country. It affords protection direct to American labor, not by lessening the importation, but by upholding the prices of high-priced, colored marbles and expensive grades of light marbles. It tends also to further develop the remarkable marble deposits of this country. Marble is abundant in all the States along the Appalachian Range, from the Gulf of Mexico to the Canada line, viz, Alabama, Georgia, Tennessee, North Carolina, Virginia, Maryland, Pennsylvania, New York, Connecticut, Massachusetts, and Vermont. It is also found in Missouri, Colorado, Idaho, Texas, New Mexico, Arizona, Utah, California, Washington, and Alaska. The ornamental or colored marbles found in Tennessee, Georgia, Vermont, Missouri, Arizona, and many other sections of the country are of the highest artistic order. The development of new marble quarries in Alabama, Colorado, and Alaska is at present very active. But the obstacles to be overcome in developing these natural resources can not be appreciated except by experience.

The difference in the cost of labor employed in the production, sawing, and manufacture of American and foreign marbles is much greater than the present rates of duty on marble, and those rates are not sufficient to equalize in our own markets the position of the marble quarries, mills, and shops of the United States with like industries abroad.

We recognize, however, that the present rates have prevailed since 1883, except for the short period between 1894 and 1897, and that business and trade relations have long been adjusted to those rates. Therefore the undersigned, representing more than 90 per cent of the American marble producing and foreign marble importing interests of the United States, and of its marble mills and manufactories, ask that the present rates of duty on marble be left as they are.

We call your attention to two instances of wrong classification which work great injustice to marble and ought to be corrected.

Limestones susceptible of polish and usable for decorative purposes.

Under the present tariff (par. 117) limestone unmanufactured is dutiable at 12 cents per cubic foot—less than one-fifth the marble rate. Under this paragraph the right is claimed to import Istrian, Hauteville, Botticino, and other fancy stones which are sold and used in direct competition with regular high-grade marbles. The commercial and ordinary or popular meaning of marble is either any limestone which is capable of taking a polish or else any limestone which is suitable for being used for decorative or ornamental purposes. (See Century Dictionary, New American Encyclopedia, New International Encyclopedia.) Accordingly, the Board of General Appraisers have held that Istrian (decision 3803) and Hauteville (decision 6398) should, under the present tariff, be classed as marbles and pay the marble rate. The decision in the latter case was affirmed by the United States circuit court, but on appeal was reversed by the United States court of appeals, which followed the more technical and limited definition that only that limestone is marble which is of a crystalline structure. The whole subject of the proper classification of these stones under the present tariff now remains much confused and is still in litigation. Without reference to what may be their proper classification under the wording of the present tariff, they should in the new act be classed according to the purposes for which they are capable of being used, and in fact are used (in conformity with the similitude clause of the present tariff act, sec. 7), and on an equality with the stone with which they directly compete. They are capable both of being polished and of being used for interior decorative purposes of a high order, and, in fact, are so used in many important buildings in direct competition with regular marbles, both American and foreign. We therefore respectfully request that limestones, when susceptible of taking a polish and suitable for interior decorative purposes, be specifically classed with marble and take the marble rate. Limestone of low grade, used as a building stone and not for higher decorative purposes, should continue to be classed with freestone, sandstone, and other building stone.

Breccia.

Under the present tariff (paragraph 508) breccia is admitted free. It is a conglomerate marble susceptible of taking a polish and used in direct competition with regular marble for interior decorative purposes in many public and other large buildings. In the statistics of the Department of Commerce and Labor, "Importations entered for consumption," breccia is now included in the statistics of marble, being classed as free marble as distinguished from other marbles which are dutiable. We respectfully request that it be specifically included with marble and take the marble rate.

Respectfully submitted.

VERMONT MARBLE COMPANY,
RUTLAND-FLORENCE MARBLE COMPANY,
BRANDON ITALIAN MARBLE COMPANY,
BARNEY MARBLE COMPANY,
NORCROSS-WEST MARBLE COMPANY,
O. W. NORCROSS.

GEORGE P. EASTMAN, *Vermont.*
 SOUTH DOVER MARBLE COMPANY,
 WAVERLY MARBLE COMPANY, *New York.*
 WHITE MARBLE & TERRAZZO COMPANY,
 WESTFIELD MARBLE & SANDSTONE COMPANY,
 LEE MARBLE WORKS, *Massachusetts.*
 EVANS MARBLE COMPANY, *Maryland.*
 GEORGIA MARBLE COMPANY,
 GEO. B. SICKLES MARBLE COMPANY,
 BLUE RIDGE MARBLE COMPANY,
 GEORGIA MARBLE FINISHING WORKS,
 SOUTHERN MARBLE COMPANY,
 KENNESAW MARBLE COMPANY, *Georgia.*
 JOHN M. ROSS,
 THE KNOXVILLE MARBLE COMPANY,
 GRAY EAGLE MARBLE COMPANY,
 JNO. J. CRAIG COMPANY,
 EMPIRE MARBLE COMPANY,
 GODFREY MARBLE COMPANY,
 ROSS MARBLE COMPANY,
 REPUBLIC MARBLE COMPANY,
 AMERICAN MARBLE COMPANY,
 THE UNITED STATES MARBLE COMPANY,
 THE VICTORIA MARBLE COMPANY,
 TENNESSEE PRODUCERS' MARBLE COMPANY,
 KNOX MARBLE & RAILWAY COMPANY, *Tennessee.*
 ALABAMA MARBLE COMPANY, *Alabama.*
 COLORADO-YULE MARBLE COMPANY, *Colorado.*
 JOHN EISELE, OF BATTERSON & EISELE,
 W. K. FERTIG, OF R. C. FISHER & Co.,
 J. W. HARRISON, OF ELLIN, KITSON & Co.,
 E. J. McGRATTY, OF McGRATTY & SONS,
 JOHN R. TABER, OF TABER & Co.,
 C. D. JACKSON, OF C. D. JACKSON & Co.,
 R. C. FISHER, OF R. C. FISHER & Co.,
Committee of the Marble Industry of New York.
 W. H. EVANS, OF BALTIMORE,
President and Committee of the
National Association of Marble Dealers.
 WASHINGTON, D. C., November 23, 1908.

Mr. BOUTELL. Is this the end of the marble hearing?

Mr. PARTRIDGE. Yes. We have united in this memorial, so that is the end of it, unless you want to ask other questions. The committee are here from New York with me.

The CHAIRMAN. Is there anyone to be heard upon the subject of reducing the duty?

Mr. BOUTELL. That is what I wanted to ask—whether there is not somebody here, some contractor or architect, who would like a reduction of this duty.

Mr. COCKRAN. I do not think any request was sent to architects to be present.

Mr. BOUTELL. But it has been published through three weeks.

Mr. COCKRAN. Would it be permissible to leave it open, and invite some architects to come and present their views, if they want to? I know of one or two, myself.

The CHAIRMAN. I think the committee would be willing to hear them further at any time when it is at leisure.

Mr. COCKRAN. I would like to call their attention to it.

Mr. RANDELL. What interest has an architect in the question?

Mr. COCKRAN. They are very much interested in it.

Mr. RANDELL. He takes his contract according to the prices in the market. What difference does it make whether the price is high or low?

Mr. BOUTELL. He has, at least, an æsthetic and artistic interest.

(The committee thereupon, at 10.50 o'clock p. m., adjourned until to-morrow, Tuesday, November 24, 1908, at 9.30 o'clock a. m.)

APPENDIX.

CLAYS.

A. D. Hatton, esq., of St. Louis, Mo., representing the Laclede-Christy Clay Products Company.

Mr. Chairman and gentlemen, I desire to supplement the brief already submitted with further statistics regarding gas retorts and settings referred to. I desire that it be incorporated with the original brief as part of these proceedings. I do not desire to detain you further, as the hour is late. It will be our purpose to try and submit some further information regarding the exact prices of foreign gas retorts and gas-bench settings to assist you in your labors in considering these paragraphs.

A. D. HATTON.

BRIEF SUBMITTED BY LACLEDE-CHRISTY CLAY PRODUCTS COMPANY, ST. LOUIS, MO., CONCERNING PARAGRAPHS 87, 88, 93, 97, AND 98, UNDER SCHEDULE B, AND 522 AND 614, UNDER FREE LIST, IN THE TARIFF ACT OF JULY 24, 1897.

ST. LOUIS, *November 16, 1908.*

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means.

House of Representatives, Sixtieth Congress,

Washington, D. C.

GENTLEMEN: Laclede-Christy Clay Products Company, manufacturer, engaged in handling anything in clay products, as miner, manufacturer, and jobber, is interested and concerned in a revision of certain paragraphs in the present tariff on imports into the United States and the free list as contained in the act of July 24, 1897, prescribed by Schedule B, earthenware, and glassware.

We submit for your consideration the arguments and recommendations hereinafter mentioned as a basis for proposed changes. It will be our purpose to confine our issues to facts, placing them before you as concisely as possible.

Laclede-Christy Clay Products Company succeeded Christy Fire Clay Company, established in 1857, first developed the celebrated Christy Missouri washed pot clay as a substitute for the imported German clays; Laclede Fire Brick Manufacturing Company, established in 1844, originally offered refractory bench settings and retorts to the manufacturers of coal gas; and Jamieson-French Fire Clay Company, organized in 1895. It is a Missouri corporation, has a

paid-up capital of \$4,000,000, all invested in the clay products business; owns and controls extensive clay and kaolin deposits and has fee-simple title to over 700 acres of unencumbered realty, on which its clay mines are located, within the city of St. Louis; operates regularly and fully three plants, two within the city of St. Louis and one in St. Louis County, employing about 1,000 men, with a pay roll aggregating over \$500,000 annually.

In the statement "Mineral products of the United States," prepared by the Department of the Interior, United States Geological Survey, clay products has a scheduled value in the calendar year 1907 of \$158,942,369, ranking fifth with all other metallic, nonmetallic, and unspecified minerals, following pig iron, bituminous coal, copper, and Pennsylvania anthracite, respectively. About 10 per cent of this amount represents the value of refractories (fire brick, fire-clay tiles, retort or gas-bench settings, furnace or tank blocks and stones, and probably gas retorts), the principal producing States, selling 80 per cent of the whole, being (1) Pennsylvania, (2) Ohio, (3) Missouri, (4) New Jersey, (5) Kentucky; the next, New York, shows a value of 50 per cent less than New Jersey. In fire clays mined and sold Missouri ranks fourth, following New Jersey, Pennsylvania, and Ohio in that order. In refractories Missouri contributes 11 per cent, and 4.34 per cent of total clay products.

It will be our purpose to take up with you only high-grade fire clays or earths of a refractory and flux-resisting character used in the manufacture of glasshouse pots, tank-furnace blocks, and furnace stones, crucibles, gas retorts, and retort or gas-bench settings, and other refractories for the building of furnaces where such conditions obtain. These clays are indispensable in the glass, gas, iron and steel, cement, and all other metallurgical industries.

For convenient reference we have copied herein the paragraphs under discussion:

CLAYS OR EARTHS: 93. Clays or earths, unwrought or unmanufactured, not specially provided for in this act, one dollar per ton; wrought or manufactured, not specially provided for in this act, two dollars per ton; china clay or kaolin, two dollars and fifty cents per ton; limestone rock asphalt containing not more than fifteen per centum of bitumen, fifty cents per ton; asphaltum and bitumen, not specially provided for in this act, crude, if not dried, or otherwise advanced in any manner, one dollar and fifty cents per ton; if dried or otherwise advanced in any manner, three dollars per ton; bauxite, or beauxite, crude, not refined or otherwise advanced in condition from its natural state, one dollar per ton; fuller's earth, unwrought and unmanufactured, one dollar and fifty cents per ton; wrought or manufactured, three dollars per ton.

522. Clay: Common blue clay in casks suitable for the manufacture of crucibles.

614. Minerals, crude, or not advanced in value or condition by refining or grinding, or by other process of manufacture, not specially provided for in this act.

Exhibits A, B, and C herewith are explanatory.

Our high-grade clays result from high-priced and limited area realty, sinking of shafts with heavy maintenance charges under hard mining conditions, \$2.50 per day wages, others in proportion, erecting of buildings for handling, weathering, and treating three to five years' supply at all times, and refining through the washeries. A further step is calcining or burning.

The imported clays result from abundant clay areas, no additional expense nor time required to market, save simple selecting (the picked

clay is prepared for immediate use, while the unpicked clay is in its natural state—the importing agent), to remove foreign vegetable matter, spading direct from ground, wages about 75 cents per day, and then ready for use. These are conditions more particularly in Germany, the largest exporter of clays under discussion, which are quite extensively used in lieu of the domestic clays. England in mining and preparations of clays resembles Germany, but in competition we meet her chiefly with our manufactured products. The great tonnage of clays imported from England is china clay or kaolin; from France chiefly bauxite. (Note Exhibits C and B.) The only investment required for the marketing of these clays in the United States is conducting selling agencies, which frequently represent other foreign lines and thus reduce the actual investment in our trade.

Fear plays a most important part in the use of high-grade clays—the fact that imported clays have been and continue to be used more and more each year is their best advertisement. We are making slow headway because, though educational campaigns and practical demonstrations, brought about by research work, prove our domestic clays to be equal and in many cases superior to the foreign clays, we are able to influence a change to the domestic clays only when price is made an object. Protection is imperatively necessary to enable us to displace foreign clays with domestic clays. Concerning use in the glass industry, Prof. H. A. Wheeler, in Missouri Geological Survey, Volume XI, Clay Deposits, page 28, writes: “Glass-pot clay is the most valuable that is found in the State. The superior quality that is found in the St. Louis district is worth from \$10 to \$14 a ton for the No. 1 grade of crude, picked, and washed pot clay, and \$4 to \$6 a ton for the No. 2 grade. Although the St. Louis fire-clay seam in which this very valuable pot clay occurs covers about 180 square miles, or nearly one-half of the county, this exceptionally pure grade of clay is only found in local pockets or basins in this seam. Thus far only six such pockets have been found, all of which are limited in size and two are already exhausted. About 16,000 tons of this high-grade clay are produced annually, mostly of the washed variety;” and again on page 251: “Christy fire-clay mine.” “This is located at the south end of the St. Louis district, at the crossing of the Morganford and Gravois roads, near Oak Hill, in the southwestern outskirts of St. Louis. The property is famous for the exceptionally high-grade character of the clay that it has produced. Much of it has been used for glass-pot purposes after careful sorting as crude pot clay, and after washing as washed pot clay. It enjoys a very high reputation among the glass makers, as the slagging action of the alkalies in the manufacture of glass is very severe while the strength demand to carry the load in making plate glass is very great. The glass-house service is the most severe of all demands on fire clay.” The superiority of these clays renders them invaluable in the manufacture of gas retorts and retort or gas-bench settings. Concerning use in the manufacture of crucibles assay, Exhibit E, herewith, Transactions of the American Ceramic Society, Volume X, 1908, article on “Tests of assay crucibles,” pages 484 to 525, inclusive, speaks for itself. We are developing at this time our clays for the manufacture of crucibles used in steel and other industries. Our experiments thus far, although not complete, make it certain that we can offer a clay equally as good and suitable, and we hope better, than the imported clays.

German pot clays are described: "Raw clay, unpicked, in oblong lumps, at \$3.30 per case of 530 pounds gross;" "Raw clay, picked in small pieces, \$9.40 per cask of 1,230 pounds gross;" "Raw clay, picked, at \$9.25 per cask, averaging about 1,230 pounds gross;" "Burnt clay, picked, at \$10.50 per cask, averaging about 1,170 pounds gross." Later quotation: "Oblong lump, to \$3.25 per case of 530 pounds gross;" and a purchase "Burnt, picked, at \$11 per cask of 1,170 pounds." German crucible clays are described "suitable for Denver style crucibles; mark 'F' is at \$11 per cask weighing about 1,170 pounds gross;" a cheaper clay, which will probably answer for the manufacture of crucibles, "A-G clay packed in casks weighing about 1,230 pounds gross, at \$9.50 a cask. This clay is picked and selected free of iron and other foreign matter, just as our picked pot clay of the G & C mark. A-G clay packed in cases weighing about 530 pounds gross, at \$3.30 a case. This clay comes in oblong lumps, just as it is taken from the mine, but, being naturally high grade and pure, we think it can be used in this way, when it would be much cheaper yet than the cask picked packing." These prices have been tested by purchases during the present year.

It is our impression that the pot and crucible clays are identical, selected, of course, as offered, but merely graded. We base the statement on our knowledge of the conditions in getting out these clays from their chemical analyses, and, moreover, that our clays, which correspond to the German pot and crucible clays, may be, in fact have been, used in this dual service.

Prices mentioned in the preceding clause were for minimum carloads f. o. b. Baltimore or other Atlantic ports. All prices applied in Exhibit D, herewith, are net per ton of 2,000 pounds.

In the glass industry competition centers at Pittsburg, where our clays have displaced the German clays to only a slight extent, because the difference in cost is not sufficient to justify a change. As a rule the management is so dependent upon the practical clay man, usually a foreigner or a disciple of one, reared in an atmosphere of the knowledge of foreign clays only, that he is satisfied and is usually too busy in the selling end to keep home products in the manufacturing end.

In the crucible industry competition centers at New York, where foreign clays are used almost exclusively. Domestic clays for crucibles are practically unknown; but here lies our greatest opportunity to displace foreign with domestic clays. Our prices, however, must necessarily be 5 per cent to 15 per cent higher, owing to our freight rate of \$5.30 per ton, as against the ocean ballast rate of \$1 per ton on free-list clay. The Gulf ports, likewise the Pacific ports, enter little of these raw materials for either industry; it is our understanding that the great percentage of assay crucibles used in the West are made East. (See Exhibit B.)

Eliminating therefrom china clay and bauxite, 48,146 tons foreign clays, valued at \$353,603, or \$7 per ton, were imported, the duty being \$86,010; 10,061 tons foreign clays, "suitable for the manufacture of crucibles," valued at \$107,886, or \$10 per ton, were imported with no duty. These 58,000 tons compete directly with us, and we feel the use of domestic clays should be encouraged by adequately taxing the foreign clays.

Under the law of 1890 the duties on these importations would have approximated \$30,000 additional.

Since the enactment of the law of 1897 the importations of clay for crucibles has been high one year and low the next, and so on. Importations of all other clays have consistently increased, except in two years (see Exhibit A), and it is fair to assume that the tonnage of the various clays embraced proportionately increased during the period.

BRICK AND TILE: 87. Fire brick, weighing not more than ten pounds each, not glazed, enameled, ornamented, or decorated in any manner, one dollar and twenty-five cents per ton; glazed, enameled, ornamented, or decorated, forty-five per centum ad valorem; brick, other than fire brick, not glazed, enameled, painted, vitrified, ornamented, or decorated in any manner, twenty-five per centum ad valorem; if glazed, enameled, painted, vitrified, ornamented, or decorated in any manner, forty-five per centum ad valorem.

88. Tiles, plain unglazed, one color, exceeding two square inches in size, four cents per square foot; glazed, encaustic, ceramic, mosaic, vitrified, semivitrified, flint, spar, embossed, enameled, ornamental, hand-painted, gold decorated, and all other earthenware tiles, valued at not exceeding forty cents per square foot, eight cents per square foot; exceeding forty cents per square foot, ten cents per square foot and twenty-five per centum ad valorem.

97. Articles and wares composed wholly or in chief value of earthy or mineral substances, or carbon, not specially provided for in this act, if not decorated in any manner, thirty-five per centum ad valorem; if decorated, forty-five per centum ad valorem.

98. Gas retorts, three dollars each; lava tips for burners, ten cents per gross and fifteen per centum ad valorem; carbons for electric lighting, ninety cents per hundred; filter tubes, forty-five per centum ad valorem; porous carbon pots for electric batteries, without metallic connections, twenty per centum ad valorem.

We have described the process of preparation of clays for marketing, domestic and foreign, both of which are used in various mixtures in the manufacture of refractory products and embraced under the above paragraphs. The reputation enjoyed by the imported clays in both the glass and crucible industries has taken hold in the gas industry. They are restive lest they test the much-talked-of material which is in service and is claimed giving good results. One reason is that the United States, leading in many branches, follows England and Germany in some of the newer economies, particularly in the gas industry, where, in an effort to put into practice new and efficient apparatus with resultant economies, designs have been introduced and foreign materials used in their construction.

At present we are trailing, but will soon take the lead; given proper protection we can and will set a pace for our foreign neighbors.

One hold the foreign materials have taken may be observed in the operations of an ingenious New Jersey manufacturer who imported German clays by cargoes, manufacturing into gas retorts and settings and offering to the trade as German retorts and settings. This we feel should be stopped. As retorts resemble crucibles, it is not unreasonable to assume that for that reason no duty is paid on the clay for making gas retorts, this clay being entered for consumption under the free list, paragraph 522.

Concerning the quality of the American product in the gas industry, its performance during a period of about fifty years has been most satisfactory. The industry is satisfied with results, but is attracted by the low prices of foreign material, notwithstanding the fact that comparative records show the domestic material to be the better. Up to some ten years ago no one thought of importing gas retorts or settings on any extensive scale.

Minimum carload prices f. o. b. per standard gas retort, weighing approximately 2,000 pounds each, and gas retort or bench settings per net ton of 2,000 pounds, are shown on Exhibit F herewith.

St. Louis, by reputation, has long enjoyed the distinction of leading in supplying materials to the gas industry, and has well earned it by reason of the quality of her fire-clay products and gas retorts. This trade is supplied from coast to coast.

The new foreign ideas and innovations, supported by the low prices made possible by foreign cheap labor and nominal ocean freights, will mean a gradual supplanting of our established trade unless we can be protected by an adequate tax.

We have carefully searched the records of statistics compiled by the Department of Commerce and Labor, "Merchandise Imported, quantities and values, by articles, years ended June 30, 1898 to 1907" (see table 161 from Statistical Abstract of the United States, 1907, thirtieth number), and fail to find where any importations of retort or gas-bench settings, gas retorts, fire brick, or fire-clay tiles have been entered for consumption.

It is our understanding that gas retorts are provided for in paragraph 98; retort or gas bench settings, however, while intended to be provided for, are difficult to fit definitely to either of the schedules herein because of the size, shape, and description. We believe controversies have arisen in the past as to the correct and proper application of paragraphs, the contention being that if a piece exceeded 10 pounds in weight it should be taxed, under paragraph 97, 35 per cent ad valorem, as against \$1.25 per ton under paragraph 87. Others contending attempted to avail themselves of section 7. Under the law of 1890 retorts or gas bench settings in all probability were provided for under paragraph 93, the duty being \$1.25 per ton; gas retorts, under paragraph 102, were taxed at \$3 each.

We have attempted in the foregoing pages to point out to your committee the present status of the ceramic or clay products industry as it relates to high-grade refractory products. In the words of Mr. Jefferson Middleton, writing about the record made in this refractories branch during 1907, "the value of the fire-brick product also reached its maximum in 1907, ranging from \$6,093,071, the minimum, in 1898 to \$14,946,045 in 1907, an increase of \$8,852,974, or 145.30 per cent."

Press dispatches only yesterday give notice of recognition by the Federal Government of limitless resources and possibilities in this industry and the establishment of a technologic branch under the direction of the United States Geological Survey.

We ourselves have long since realized this, as before stated, by starting our research department, devoted to the development of the clay-products industry in its every sphere. Satisfactory results, however, can only be obtained by the enactment of a tax which will offset the handicap to our domestic clays and products created by the low wages and cheap ocean freights enjoyed by the foreign clays and products.

Based upon these statements, we recommend to your committee that:

Paragraph 87 be specifically limited to apply to standard, or 9-inch, fire brick and "weighing not more than 10 pounds each;" the duty not to be changed. Add: "Retort or gas bench settings, tank fur-

nace blocks, and furnace stones, and all other refractory products of any kind, sizes, or shapes, \$5 per ton." The balance of the paragraph appears all right, and to remain as before, with same duties.

Paragraph 88 be modified so as not to apply to "tiles" manufactured of any refractory materials whatever. It should exclude all "fire clay or fire-brick tiles." With this exception, the paragraph appears in proper shape and to remain intact.

Paragraph 93 be modified to read: "Clays or earths, unwrought or unmanufactured, suitable for and used in the manufacture of glass-house pots, tank-furnace blocks, and furnace stones, crucibles, gas retorts, retort or gas bench settings, fire brick, fire-clay tile, and any refractory products in packages of any kind, \$4 per ton; wrought or manufactured, \$5 per ton." The remainder of the paragraph, from "China clay" on, to remain unchanged.

Paragraph 97 be modified so as to state specifically that it does not cover fire brick or fire-clay tiles, retort or gas bench settings, which are fully covered elsewhere. No other change is suggested in this paragraph.

Paragraph 98 be modified to read: "Gas retorts, 40 per centum ad valorem, tax not to be less than \$5 per ton." Balance of paragraph from "lava tips for burners," etc., to remain unchanged.

Section 522 be eliminated. We have suggested that it be included under paragraph 93. We feel that all the foreign clays, as described, should be made dutiable.

Section 614 be made more specific. Clays or earths may be termed minerals, and as such should be made dutiable as provided for.

If it is desired to continue this paragraph, we suggest a modification, so as not to conflict in any way with or include items covered in paragraph 93.

We bespeak your favorable consideration.

Respectfully submitted.

LACLEDE-CHRISTY CLAY PRODUCTS COMPANY,
By A. D. HATTON, *Secretary and Treasurer.*

EXHIBIT B.—Submitted with paper dated November 16, 1908.

No. 15.—Imports entered for consumption, year ending June 30, 1907.

Articles.	Rates of duty.	Quantities.	Values.	Duties.	Average.	
					Value per unit of quantity.	Ad valorem rate of duty.
Chemicals, drugs, dyes, and medicines:						Per cent.
Terra alba, not made from gypsum, or plaster rock (pounds).....	Free.....	73,672.00	\$538.00		\$0.008	
Thorium, nitrate of (pounds).....	25 per cent.....	86,653.00	240,128.03	\$60,032.00	2.71	25.00
Tonquin, tonquin, or tonka beans.....	Free.....		166,102.00			
Turmeric.....	Free.....		26,252.00			
Turpentine, Venice (pounds).....	Free.....	150,344.00	14,817.00		.098	
Uranium, oxide and salts of.....	Free.....		14,656.00			
Vaccine virus.....	Free.....		5,784.00			
Valonia.....	Free.....		3,981.00			
Vanilla beans (pounds).....	Free.....	969,031.88	1,523,156.46		1.57	
Vanillin (ounces).....	80 cents per ounce.....	100.00	25.00	80.00	.25	890.00
Vendigris, or subacetate of copper (pounds).....	Free.....	39,462.00	6,078.00		.154	
Wax, vegetable or mineral (pounds).....	Free.....	8,569,135.00	1,461,389.35		.17	
Zinc—						
Chloride of (pounds).....	1 cent per pound.....	1,399,517.00	38,236.00	18,996.17	.027	86.60
Sulphate of (pounds).....	do.....	52,209.00	1,288.00	522.09	.026	40.68
All other not specially enumerated or provided for—	Free.....		801,416.11			
excrecences, fruits, dried fibers, buds, bulbs, bulbous roots, gums, mosses, nuts, stems, vegetables, seeds (aromatic), and seeds of morbid growth, and weeds, not edible, in a crude state, and not advanced in value or condition by refining or grinding, or by other process, not specially provided for.						
Barks, beans, berries, flowers, fruits, bulbs, bulbous roots, excrecences, nutgalls, roots, dried fibers, grains, gums and gum resin, herbs, leaves, lichens, mosses, nuts, roots, stems, spices, vegetables, seeds (aromatic, not garden seeds), seeds of morbid growth, woods, woods used expressly for dyeing, and dried insects, any of the foregoing which are drugs, not edible, but which are advanced in value or condition by refining, grinding, or other process of manufacture (pounds).	‡ cent per pound and 10 per cent.....	572,892.41	86,808.75	10,061.89	.151	11.66
Preparations of products known as alkalies, alkaloïds, and all combinations of, and all chemical compounds and salts.	25 per cent.....		1,468,035.25	363,408.85		25.00
Do, (reciprocity treaty with Cuba).....	25 per cent less 20 per cent.....		6.00	1.20		20.00

Preparations, medicinal— Containing alcohol, or in the preparation of which alcohol is used (pounds).....	243,031.81	214,642.71	188,667.55	.883	62.27
Do. (reciprocity treaty with Cuba).....	446.63	386.80	196.52	.754	58.35
Not containing alcohol, or in the preparation of which alcohol is not used.....		1,821,811.02	830,452.85	.....	25.00
Do. (reciprocity treaty with Cuba).....		4,267.72	853.57	.....	20.00
On which the specific duty does not amount to 25 per cent (pounds).....	26,864.00	8,119.42	2,029.86	.302	25.00
Total chemicals, drugs, dyes, etc.....		51,080,573.78	7,522,514.64	.....	24.88
Chicory root:		30,230,120.59		.....
Raw, but unground (pounds).....	2,677,823.00	41,680.00	26,778.23	.016	64.25
Burnt or roasted, ground or granulated, or in rolls or otherwise prepared, not specially provided for (pounds).....	622,088.00	25,862.00	15,550.93	.042	60.06
Chrysinite, manufactures of.....		20,560.00	6,168.00	.....	30.00
Cider (gallons).....	7,768.50	3.00	1.50	.....	50.00
Clays or earthenware:		7,632.00	388.44	.982	5.09
Clay, common blue, in casks, suitable for the manufacture of crucibles (tons).....	10,061.25	107,896.00		10.72	.....
Bauxite, crude (tons).....	16,372.80	64,121.00	16,372.80	3.92	25.53
China clay, or kaolin (tons).....	211,467.22	1,482,342.00	528,668.15	6.77	36.91
Fuller's earth— Unwrought and unmanufactured (tons).....	3,026.00	23,960.00	4,539.00	7.92	18.94
Wrought or unmanufactured (tons).....	12,228.83	102,416.00	36,686.50	8.38	35.82
Unwrought or unmanufactured, not specially provided for (tons).....	80,998.16	171,005.84	30,998.16	5.52	18.12
Do. (reciprocity treaty with Cuba).....	1,402.83	2.00	.32	5.00	16.00
Wrought or unmanufactured, not specially provided for (tons).....	1,992.83	56,220.00	3,785.70	29.70	6.73
Total clays or earthenware.....	10,061.25	107,896.00		10.72	.....
Clocks and watches, and parts of:	275,966.24	1,850,066.34	621,050.63	6.70	33.57
Chronometers, box or ship, and parts of.....		1,640.00	636.00	.....	40.00
Do. (reciprocity treaty with Cuba).....		98.00	31.36	.....	32.00
Clocks and parts of, not specially provided for.....		592,024.51	286,809.80	.....	40.00
Clock cases, with or without movements— Composed wholly or in part of china, porcelain, parian, blaque, or earthenware.....		280.00	166.00	.....	60.00
Composed of marble, onyx, alabaster, etc.....		5,974.37	2,987.19	.....	50.00
Watch movements, cases, and parts of watches— Movements— Having not more than 7 jewels (number).....	867,184.00	731,331.60	482,847.83	.883	66.02
Do. (from Philippine Islands).....	14	17	6.87	1.21	40.41
Do. (reciprocity treaty with Cuba).....	14	32	10.32	2.29	32.25

EXHIBIT B.—Submitted with paper dated November 16, 1908—Continued.

No. 15.—Imports entered for consumption, year ending June 30, 1907—Continued.

Articles.	Rates of duty.	Quantities.	Values.	Duties.	Average.	
					Value per unit of quantity.	Ad valorem rate of duty.
Clocks and watches, and parts of—Continued.						
Watch movements, cases, and parts of watches—Continued.						
Movements—Continued.						
Having more than 7 and not more than 11 jewels (number).....	50 cents each and 25 per cent.	20,081.00	\$58,782.00	\$24,711.01	\$2.93	42.04
Do. (reciprocity treaty with Cuba)	50 cents each and 25 per cent less 20 per cent.	2	9	2.60	4.50	28.89
Having more than 11 and not more than 15 jewels (number).....	75 cents each and 25 per cent.	58,522.00	192,333.00	91,989.75	3.29	47.81
Having more than 15 and not more than 17 jewels (number).....	\$1.25 each and 25 per cent.	18,600.00	122,947.00	53,986.75	6.61	13.94
Having more than 17 jewels (number)	\$3 each and 25 per cent...	6,113.00	194,383.00	64,431.75	30.16	34.95

EXHIBIT C.

Imports of clays or earths into the United States, by countries, 1906.

Country from which imported.	Tons.	Dollars.
<i>Common blue clay or earth, for the manufacture of crucibles.</i>		
Total imports.....	6,494	62,113
Germany.....	6,243	59,061
Holland.....	250	3,027
Cuba.....	1	5
<i>All other clays and earths.</i>		
Total imports.....	240,699	1,436,278
United Kingdom.....	213,400	1,287,264
Germany.....	10,481	97,320
France.....	15,220	77,526
Japan.....	800	7,568
Austria-Hungary.....	213	6,923
Canada.....	384	3,943
Italy.....	21	1,425
Spain.....	24	1,139
Belgium.....	100	919
Holland.....	30	169
Cuba.....	7	62
Mexico.....	5	21
Newfoundland.....	2	10
Chile.....	1	5
Turkey in Asia.....		1

Report for 1907 in same form probably ready, showing importation of 286,454 tons.
(The above is an extract from letter of date February 28, 1908, of the commercial museum department of the Philadelphia Museums, Philadelphia, Pa.)

EXHIBIT D.

Comparative prices foreign and domestic clays, minimum carloads, f. o. b. points, as indicated.

GERMAN.

Points.	Raw, unpicked, \$3.25 case of 530 pounds.	Raw, picked, \$9.40 case of 1,230 pounds.	Raw, picked, \$9.25 case of 1,230 pounds.	Burnt, picked, \$11 case of 1,170 pounds.	A. G., picked, \$9.50 case of 1,230 pounds.	A. G., unpicked, \$3.30 case of 530 pounds.
Baltimore.....	\$12.06	\$15.05	\$14.80	\$18.50	\$15.20	\$12.30
New York.....	12.06	15.05	14.80	18.50	15.20	12.30
Philadelphia.....	12.06	15.05	14.80	18.50	15.20	12.30
Boston.....	12.06	15.05	14.80	18.50	15.20	12.30
Buffalo, N. Y.....	14.48	17.45	17.20	20.90	17.60	14.70
Pittsburg, Pa.....	14.48	17.45	17.20	20.90	17.60	14.70
Steubenville, Ohio.....	14.48	17.45	17.20	20.90	17.60	14.70
Findlay, Ohio.....	14.48	17.45	17.20	20.90	17.60	14.70
Indiana gas belt.....	14.48	17.45	17.20	20.90	17.60	14.70
Chicago.....	14.48	17.45	17.20	20.90	17.60	14.70
St. Louis.....	15.08	18.05	17.80	21.50	18.20	15.30

EXHIBIT D.—Continued.

Comparative prices foreign and domestic clays, etc.—Continued.

DOMESTIC.

Points.	Raw selected, crude, bulk.	Raw washed, pot, bulk.	Burnt washed pot or selected crude, bulk.	Common fire clay, bulk.
Baltimore.....	\$12.70	\$16.10	\$18.30	\$6.70
New York.....	13.30	15.70	18.90	7.30
Philadelphia.....	12.90	15.30	18.50	6.90
Boston.....	13.70	16.10	19.30	7.70
Buffalo, N. Y.....	11.00	13.40	16.60	5.00
Pittsburg, Pa.....	11.00	13.40	16.60	5.00
Steubenville, Ohio.....	11.00	13.40	16.60	5.00
Findlay, Ohio.....	10.80	12.70	15.90	4.80
Indiana gas belt.....	9.75	12.15	15.35	3.75
Chicago.....	9.40	11.80	15.00	3.40
St. Louis.....	8.00	10.40	13.00	2.00

EXHIBIT F.

Comparative prices of foreign and domestic gas retorts and gas bench settings f. o. b. points, as indicated.

Points.	Gas retorts.			Gas bench settings.		
	German.	English.	Domestic.	German.	English.	Domestic.
Baltimore.....	\$25.00	\$16.65	\$24.40	\$12.00	\$14.00	\$16.70
Philadelphia.....	25.00	16.65	24.40	12.00	14.00	16.90
New York.....	25.00	16.65	25.00	12.00	14.00	17.30
Boston.....	25.00	16.65	25.00	12.00	12.00	17.70
Cincinnati.....	27.40	19.05	21.00	14.40	14.40	13.75
Chicago.....	27.40	19.05	20.70	14.40	14.40	13.40
St. Louis.....	28.00	19.65	18.00	15.00	15.00	12.00
Seattle.....			37.00		25.00	\$1.90
San Francisco.....			37.00		25.00	\$1.90

Merchandise imported—Quantities and values, etc., years ended June 30, 1898 to 1907.

Articles.	1898.	1899.	1900.	1901.	1902.
Clays or earths:					
Common blue, for the manu- facture of crucibles...free..	4,787 55,857	10,099 76,014	8,975 109,483	5,423 67,763	6,266 73,095
All other.....dut..	106,266 738,819	116,757 786,514	138,626 928,111	160,217 1,036,977	187,158 1,214,564
Articles.	1903.	1904.	1905.	1906.	1907.
Clays or earths:					
Common blue, for the manu- facture of crucibles...free..	8,498 99,560	7,501 93,566	4,675 49,709	6,494 62,113	10,064 107,882
All other.....dut..	203,857 1,286,097	195,125 1,191,291	200,445 1,222,814	240,699 1,483,278	276,390 1,846,289

AKRON, OHIO, November 18, 1908.

HON. SERENO E. PAYNE,
 Chairman Ways and Means Committee,
 Washington, D. C.

DEAR SIR: All potters who make either white ware, stoneware, or sanitary goods from clay or mixtures of clay, use a considerable amount of what is known as pottery plaster for molds. The most of

the plaster for this purpose is imported from Nova Scotia. There are several firms engaged in this traffic, notably J. B. King & Co., of New York, and Calvin Tompkins, also of New York. We understand that under the Dingley bill a duty of 50 cents per ton is imposed on this commodity. This makes the finished product very expensive and, so far as we know, it is not working to the benefit of American manufacturers by having such tariff imposed. It is true that a very considerable amount of rock for making plaster is quarried in various parts of the United States, but little, if any, is suitable for the work above outlined, viz, for making molds for potters and others. We believe it would be of benefit to a great many manufacturers of goods in our line and other allied lines if this duty could be either completely eliminated or in part. We bespeak for this matter the favorable consideration of your committee.

Yours, truly,

THE ROBINSON CLAY PRODUCT CO.
JOHN P. STARR, *Secretary*.

KNOXVILLE, TENN., *November 19, 1908.*

HON. SERENO PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

MY DEAR SIR: For the past twenty years I have been to a very large extent interested in southern clays. On account of the very low duty, and the fact that they bring English clays in as ballast, it has practically put us out of business.

We are now shipping from 5,000 to 8,000 tons a year from a mine which I own in South Carolina. We are in direct competition with the washed clays of Cornwall, England, and should the tariff be reduced, it will mean the closing of our mines.

As a matter of fact, it should be raised at least \$1 per ton.

Yours, very truly,

WM. J. OLIVER.

JERSEY CITY, *November 18, 1908.*

HON. SERENO E. PAYNE,

Member of Congress, Washington, D. C.

MY DEAR MR. PAYNE: I am informed that an effort is being made to have a tariff duty put upon clays imported from Germany that are used in the manufacture of black-lead or graphite crucibles.

At the present time no duty is imposed by the Government on clays imported and used for this particular purpose. The fact is that no American clays have been found which are suitable for use in this kind of manufacture, and the imposition of a duty would simply mean that the users of black-lead crucibles will be compelled to pay a larger price for the product, while no benefit whatever can, in any way, accrue to miners or dealers in American clays.

The manufacturers of black-lead crucibles would gladly welcome the use of American clay if it were possible for them to produce from its use as a suitable article. There is no question but that the facts herein stated are indisputable.

There are two large concerns in my district that use in their manufactures the imported clays above mentioned, and it would be a needless hardship, both upon them and upon the consumers, to impose such a duty as I have referred to.

I wish, therefore, to strongly protest against it, and if the committee desires any further information regarding the matter I will gladly do all I can to obtain it for them.

Very truly, yours,

JAMES A. HAMILL.

MACON, GA., November 19, 1908.

Chairman of the Committee on Tariff Revision, Washington, D. C.

DEAR SIR: We inclose herewith a memorial on earths to your honorable body for proper consideration and action. Owing to the limited time at our command it has been impossible for us to supply complete data, which would be convincing of the absolute equity of our positions. If in need of additional facts or argument we sincerely trust that you will afford us a hearing or opportunity to submit additional facts.

Yours, very truly,

THE GEORGIA KAOLIN COMPANY.

MACON, GA., November 18, 1908.

Members of the Tariff Commission, Washington, D. C.

SIRS: Your committee having announced its readiness to receive on the 23d instant memorials from those interested in the proposed tariff legislation as it may affect imported earths, etc., the undersigned, representing their various enterprises located in the State of Georgia, respectfully submit the following statement, with their petition that the duties on imported clays be increased, circumstances and conditions having so combined that the present duty affords very little, if any, protection to the industry in which they are interested.

The duty upon imported clays was at one time \$5 per ton of 2,240 pounds, and this was reduced to the present rate of \$2.50 per 2,240 pounds. Since this reduction the competition of trunk lines and ocean steamers has combined to place the miners and refiners of clays located in the interior parts of the country at a decided disadvantage as compared with the foreign miners, whose plants are really all located convenient to shipping points in England.

Your memorialists therefore desire to place before your committee such general information on the subject as the limited time at their disposal will permit, and they will be prepared at a later date to place such additional data as may be specifically requested.

First. It is assumed that your commission is fully aware of the uses to which this kaolin or clay is put, but your petitioners will state that the consumers of their product include the following manufactures: Porcelain, tiles, sanitary wares, earthenware, paper, wall paper, paints, interior paints, soaps, linoleum, oilcloths, window shades, druggists' specialties; and that for these purposes a material of uniform character and of as white a color as possible is required. It must be free from sand, mica, and silica.

Second. The deposits of clay in Georgia are sedimentary and are located on the coastal plain at an average distance from the seaboard approximating 150 miles. In some cases the deposits are of such purity as to be incapable of much refining, but in the great majority of the deposits a process of refinement is required to make the material suitable for the use of manufacturers. It is only of late years that the extent of these deposits has been generally known and their extent and apparent value have now attracted enterprise and capital toward their development. In the mining of these clays many unexpected difficulties have been encountered. The absence of surface rock has made it impossible to mine the clays by any process other than the removal of the entire surface material, which averages about 25 feet of sand and red earth. Hydraulic mining or any of the more economical or speedy methods are not practical, and the cuts or mines being open each rain storm compels not only the cessation of operations, but the seepage water carries much stain on the surface exposed. There is a singular absence of running streams of pure or clear water in the proximity of these deposits, and while expensive efforts have been made to discover artesian water or a supply by deep borings, these have so far proved unsuccessful and the miners are dependent upon the immediate rainfall or some small springs for water with which to carry on their work.

While therefore the deposits are apparently rich, the difficulties with which they are uncovered and prepared for market are extremely great, and many obstacles have to be overcome before the industry, so far as the South is concerned, can be made profitable.

Third. As compared with the methods possible to the foreign miners, whose clays are almost without exception residuary deposits, are all abundantly supplied with water, and are able to use hydraulic methods where the surface material is not of a staining character, the miners of Georgia clays are at a distinct disadvantage in addition to which your memorialists beg to point out that they are reliably informed that laborers in the English mines work for from one-third to one-half less wages than are paid to the negroes in the Georgia clay mines; that fuel, engine supplies, tools, and machines are all less costly, and that superintendents, foremen, and salesmen cost less than one-half of what has to be paid in America.

Like almost every other American industry, the clay producers have many initial obstacles to overcome and need all the assistance and protection which their Government can extend them to the extent of placing them on an equal with foreign miners. The American clay miners are not desirous of reducing wages to their employees or denying to the transportation companies a fair return for their services. They only ask that they be given protection enough to meet the difference in conditions which will secure to them on their merits their full share of the domestic markets.

Fourth. The principal points of consumption for these clays are located in Maine, Massachusetts, western New York, western Virginia, Ohio, Michigan, and Wisconsin, and by an unfortunate combination of circumstances, over which the Interstate Commerce Commission appears to have no control, or appears to be ineffective to deal with, the southern miners are placed at a serious disadvantage in regard to rates of transportation.

The large steamers now crossing the Atlantic appear to be willing to carry kaolin from the English ports to the American ports for rates ranging from \$1 to \$1.75 per ton. Portland, Me., as a case in point, can be reached from Liverpool for \$1.50 per ton, while it would cost the Georgia shipper \$4 at least. The rates from Liverpool and Fowey to Boston, Newport News, Baltimore, New Orleans, and Philadelphia are about the same, and through rates from these points to the principal points of consumption in the East are so low as to again place the Georgia miner at a disadvantage. Thus we would instance that from Liverpool or Fowey, in England, to Chicago, with an ocean rate to New Orleans of \$1.50 per ton, can be combined a rail rate of 12 cents from New Orleans to Chicago, via the Illinois Central Railroad, making a through rate from Liverpool or Fowey to Chicago of \$3.90 per ton, while the lowest rate your memorialists can secure from their shipping points to Chicago is \$4.60 per ton, and we have been further advised that through rates have recently been made from the English ports to Chicago of \$2.40 per ton, via Grand Trunk and Illinois Central Railroad, and via lines from New York to Chicago, for \$3.40 per ton. We are informed that these rates are perfectly legal and are available to us if we could reach the points where they are in force, but this would be impossible.

These points in regard to rates of transportation are made to show your committee that the present duty is practically no protection to us whatever, and that to permit us and others interested in the development of the natural resources of the country a higher duty is not only indispensable, but having regard to the advantages hereto enjoyed by other industries, it is our right.

Fifth. Your memorialists would further desire to impress upon your committee the difficulties under which they have labored and are still laboring in securing an entry for their product, a comparatively new one, into the favor of the American manufacturers who are always ready to make unfavorable comparisons between our material and that imported from abroad. This has been the history of all our domestic enterprises, but at present our iron and steel are able to stand upon their own merits for the great majority of purposes and with proper protection we have no doubt that our clays will ultimately do the same. The pottery wares made from our domestic clays are as good as any of the ordinary grades of imported wares, but owing to the fact that most of the workers in the American potteries are Englishmen from the Staffordshire district, all faults are laid on the domestic clays and an artificial demand is created for foreign clays. The character of our clays can not be successfully impugned and much study has been given and much expense incurred in efforts to improve the quality and meet the most fastidious requirements of manufacturers, and we believe that if we are supported we will ultimately supply the country with its requirements in this department of material. A great deal of additional investment has been made within the last year in improved machinery to purify our clays and render them uniform in quality, and your memorialists would state as an absolute fact that were the present duty, insufficient as it is, withdrawn, we would be compelled to give up business entirely.

In conclusion, your memorialists beg to state with all the emphasis of which they are capable, that the deposits of domestic clays of different character located between the Hudson and Mississippi rivers

on the Atlantic coast are of sufficient abundance and of such qualities as to answer every necessary requirement of every trade and manufacturer in the country, and that their general use is only a question of time, provided those whose enterprise leads them to develop these deposits are assured a fair working profit; and we beg further to state that there is no combination, pooling arrangement, or trust management of any of these existing enterprises, each of which is working independently.

AMERICAN CLAY COMPANY,
P. W. MARTIN, *President*.
ATLANTA MINING AND CLAY COMPANY,
YOUNG A. GRESHAM, *General Manager*.
THE GEORGIA KAOLIN COMPANY.
By CECIL MORGAN, *General Manager*.

TACONY, PA., November 20, 1908.

HON. S. E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: We have just learned in the last day or two that hearings on Schedule B of the tariff act of 1897 are to be held before your committee in Washington, November 23, 1908, and that endeavors will be made to have a duty placed on fire clay. We would like to enter our protest through you against this, as we are very large users of Klingenberg crown clay, imported from Germany, on which there has been no duty for many years. The reason we enter this protest is that there has never been any clay found in this country that can be used to manufacture crucibles. Therefore, we think that we are just and right in asking this. We doubt very much if the refractories companies want any duty on fire clay.

When this matter is brought before your committee we would deem it a special favor if you will bring forward our objections. We are writting this letter to you at the suggestion of our Representative, W. W. Foulkrod, with whom we talked this subject over yesterday. We trust that there will be no duty placed on clay, as it will force a great many small foundries all over the country to pay an advance on their goods that seems to us they should not be compelled to do.

Yours, very truly,

ROSS-TACONY CRUCIBLE COMPANY,
Per HENRY A. ROSS, *President*.

AUGUSTA, GA., November 20, 1908.

HON. SERENO PAYNE,
Chairman Ways and Means Committee,
Washington, D. U.

DEAR SIR: For nearly twenty years I have been interested in the clay business at Langley, S. C., and on account of the very low duty and the fact that they bring English clays in as ballast, it has virtually put us out of business.

We understand that these clays are washed clays of Cornwall, England, which can be manufactured very cheap, and it is very hard indeed for us to compete with these clays, considering the amount of earth that is removed, the high price of labor, and the higher freight rates that we are forced to pay. It reduces our profits on these goods to a minimum, and for the last few years our company has been unable to make a dividend on account of the low prices which was brought about by competition of these English clays.

Such being the case, I beg to ask that you will not reduce the tariff on the English clays, but will raise same at least \$1 per ton. Thanking you for your assistance in this matter, I remain,

Yours, truly,

THE T. G. LAMAR KAOLIN COMPANY, OF LANGLEY, S. C.
By J. S. NIXON, *Secretary and Treasurer.*

CHICAGO, November 30, 1908.

*The honorable Chairman Committee on Tariff,
Washington, D. C.*

DEAR SIR: The attention of the writer has been called to the contemplated action in regard to the tariff on china clays, which at present is fixed at \$2.50 per ton, specific, on imported china clays.

Under the protection of the present duty the development of the china-clay industry in the United States has reached considerable proportions, and has led to the heavy investment of capital in numerous refining plants, located chiefly in the Southern States. The development of the production of American china clay is exceedingly important and is susceptible of great expansion, providing adequate protection is afforded.

Under existing conditions the duty of \$2.50 per ton is in a measure offset by the exceedingly low rates which are made in connection with the steamship companies and the railroads via New Orleans and eastern seaboard, which enables the foreign producer to pay the duty of \$2.50 per ton and deliver clay at the principal points of consumption at approximately the same cost as that of the American producer.

The Illinois Central Railroad publishes in their Foreign Freight Tariff, series 112-C, an import rate from New Orleans to principal points in Wisconsin, on page 14 of said tariff, a rate of 14½ cents per hundred.

For comparative rates we refer you to Cleveland, Cincinnati, Chicago and St. Louis Railroad Company Joint Proportional Tariff, 1096-A, wherein they quote on page 6 of said tariff to the same points covered in Illinois Central Railroad Company tariff, above referred to, naming a rate from Cincinnati of \$2.70 per ton, which, combined with the rate to Cincinnati from points in Georgia, makes a total rate to Wisconsin points of \$5.70 per ton, or 28½ cents per hundred for the domestic article.

The same conditions apply in regard to the rates now in effect from the Atlantic seaboard, and if the same freight conditions continue to prevail and the tariff should be reduced it would have but one result, namely, the destroying of the American clay industries and giving the foreign producer a tremendous advantage in this field.

For your information we will state that from one point in Georgia we have already contracted over 6,000 tons of china clay, which has replaced in every instance an equal amount of imported English clay.

Any further information we would be pleased to submit, and trust in view of the foregoing the present tariff may not be disturbed, as we believe this country could practically furnish its entire requirements of clays with adequate protection, we remain,

Your, very truly,

T. J. PETERSON COMPANY,
Per HENRY M. MINER,
Vice-President.

WASHINGTON, D. C., *November 23, 1908.*

HON. SERENO E. PAYNE,

*Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: At a meeting held to-day in Washington, at which were present representatives from the various clay miners of South Carolina, Georgia, Florida, Pennsylvania, Maryland, New York, and New Jersey, after a full discussion as to the amount of protection needed by our industries in competition with imported clays, we beg to submit the following:

The present duty on imported china clay is \$2.50 per 2,240 pounds, it having been reduced from time to time from \$5 to the present rate, and as a result there is a greater tonnage of imported clay brought to this market each year. This is possible owing to the fact that labor abroad for the same work is fully one-half less than is paid in America and, further, that in many instances the ocean rates of freight, together with the inland freights added, allow the imported product to be delivered at interior points at very much less freight than from the various American mines.

There was considerable discussion and, on the part of some of the producers, a strong inclination to ask for a reasonable advance in the duty, feeling that they were entitled to this extra amount of protection, and if it was granted they would be able to take a larger proportion of the trade than they have in the past. On the other hand, a number of producers took the stand that they would be satisfied with the retention of the present duty, but all agreed that if there was any reduction in the present duty it would result in the closing down of most of the prominent mines of this country, as none of them at present are making any adequate return for the capital invested, and with any reduction in the duty it would mean absolute ruin for these plants.

Like most other American industries, the clay producers have had many initial obstacles to overcome; have invested large sums of money in their various plants, and need all the assistance and protection which their Government can extend to the extent of placing them on an equal footing with foreign miners. The American miners are not desirous of reducing wages to their employees, but should any reduction be made in the present tariff, wages would have to be reduced very materially or the plants, as stated before, closed down.

In conclusion, your memorialists beg to state with all the emphasis of which they are capable that the deposits of domestic clays of different character located between the Hudson and Mississippi rivers on the Atlantic coast are of sufficient abundance and of such quality as to answer every necessary requirement of every trade and manufacturer in the country, and that their general use is only a question of time, provided those whose enterprise leads them to develop these deposits are assured a fair working profit; and we beg further to state there is no combination, pooling arrangement, or trust management of any of these existing enterprises, each of which is working independently.

This communication refers to section 93 in Schedule B in the Dingley tariff act of 1897.

Remaining, respectfully, yours,

THE PHILADELPHIA CLAY COMPANY,
M. W. PHILLIPS, *President*.
THE AMERICAN CLAY COMPANY OF MAINE,
P. W. MARTIN, *President*.

Representing also—

GEORGIA KAOLIN COMPANY.
ATLANTA MINING CLAY COMPANY.
McINTYRE MINING COMPANY.
AMERICAN CLAY COMPANY,
JAMES J. TRACEY, *President*.
THE EDGAR PLASTIC KAOLIN COMPANY,
J. R. EDGAR, *Secretary*.
J. F. MARSH.

Representing—

THE T. G. LAMOR KAOLIN COMPANY.
IMMACULATE KAOLIN COMPANY.
PEERLESS KAOLIN COMPANY.
THE ALBION KAOLIN COMPANY.

WASHINGTON, D. C., *November 23, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: Representing importers of about 75 per cent of the tonnage of the foreign clay imported into the United States, we wish to advise that, notwithstanding the importations of foreign clay has increased under the present tariff, it has been done by a vast outlay of capital and energy in the educating of the consumer in the use of the imported clays. To encourage a continuance and a fostering of the import business, we feel from that fact that at the present rate of duty we are compelled to get a higher price for our importations than the American producers are getting for their product, that there should be no advance in the present schedule, as, under no circumstances, could the principle of reciprocity be extended or maintained at any increase in the present schedule.

Asking the kindness of your support in the maintenance of the present schedule, at least as is embodied in section 93, schedule 3, in the tariff act of 1897.

Remaining, yours, truly,

Representing—

C. K. WILLIAMS,
PERKINS-GOODWIN COMPANY.
MOORE & MUNGER.
HAMMIL & GILLESPIE.
PAPER MAKERS CHEMICAL COMPANY.

FRANKFORD, PA., *November 21, 1908.*

The Hon. SERENO E. PAYNE,
*Chairman of Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR MR. PAYNE: It has been brought to my attention that an effort is being made to have a duty put upon what is known as Klingenberg crown clay, an article imported from Germany and used in this country by the parties who manufacture crucibles and similar articles. I am informed that there is no clay in this country that can be substituted by the manufacturers of crucibles for this imported article, which has heretofore been free. I am further informed that if any duty was placed upon this imported clay it would work to the detriment of the manufacturers of these articles. As the Ross Tacony Crucible Company have their works in the district that I represent, I am able to obtain information from them that confirms what I understand has been written to your committee, and which I am satisfied is a correct statement—that any duty placed upon the clay would work an injury to this class of manufacturers. I therefore trust that your committee will make no change on this article, but will continue to allow it to come in free.

Yours, very truly,

W. W. FOULKROD.

EAST PEPPERELL, MASS.,
November 21, 1908.

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We would respectfully petition your committee to consider the admission of imported china clay free of any duty.

There is no protection needed on an article which can not be produced in this country. It is a fact that there is no clay that can be mined or manufactured which competes with the imported china clay.

Very truly, yours,

NASHUA RIVER PAPER COMPANY,
GEORGE KEYES, *President.*

GYPSUM.

NEW YORK, November 18, 1908.

WILLIAM K. PAYNE, Esq.,
Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR SIR: Inclosed please find copy of the memoranda for the Ways and Means Committee relating to crude gypsum.

Very truly, yours,

MONTAGUE LESSLER.

Memoranda for the Ways and Means Committee relating to crude gypsum.

Section 91 of the tariff act of 1897 has the following: "Plaster rock or gypsum, crude, 50 cents per ton."

Gypsum is a hydrous calcium sulphate ($\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$) used for manufacturing by grinding and partial or complete calcination into plaster of Paris (calcined plaster) of various grades.

The imported gypsum is whiter and lighter in color than the domestic product and is used in the manufacture of the finer grades of plaster of Paris; it contains about 25 per cent water. In other words, a ton of gypsum imported into this country, after being calcined only produces three-fourths of a ton of plaster of Paris, 25 per cent (water) evaporates and wastes in calcination.

For the year ending 1907 there were imported 390,066 tons of crude gypsum, of the value of \$457,047, paying a duty of \$195,033, the average price per ton being \$1.17 f. o. b. vessels at loading port. For the year ending June, 1908, there was entered at the port of New York 217,359 tons. The larger part came from the mines at Nova Scotia. None of the imported gypsum is used as a fertilizer.

The gypsum mined in the United States during 1907 amounted to 1,751,748 short tons in seventeen States and Territories. Of this quantity 232,546 was sold crude, the greater part of which was used for fertilizing purposes. It will be found that the mills using the domestic crude gypsum are nearly all at or near the mines. (Gypsum and Gypsum Products in 1907, Geological Survey Bulletin.)

The principal use of the eastern plaster in the West has been for ornamental work and in the potteries, the superior quality of the product, imported gypsum, of the seaboard manufacturer causing its use for those purposes.

It costs \$1.50 per ton to carry crude gypsum by sea from the mines at Nova Scotia to the seaboard towns and cities of the United States, where alone it is used. So it will be seen that if the cost price per ton at the mines is \$1.17, to which must be added the freight of \$1.50 per ton and also the duty of 50 cents per ton, amounting to \$3.17 per ton, then must be added to this cost the fact that only three-fourths of a ton is useful and one-fourth is waste (water), that the cost to the manufacturer of the imported gypsum is made a total of \$3.96 per ton.

The manufacturers using imported rock are nine in number: Four in New York, 1 in New Jersey, 1 in Maine, 1 in Pennsylvania, 1 in

Connecticut, and 1 in Boston. They are all on the Atlantic seaboard. These eastern manufacturers, whose plants are all situated on the Atlantic seaboard, have no available deposits of domestic gypsum and they must obtain their supply of crude material from Nova Scotia, New Brunswick, and Cape Breton. With the initial cost they can not manufacture plaster and sell it delivered at the factory for a less price than \$6.50 per ton. In other words, the manufacturers using imported gypsum sell their finished product at \$6.50 per ton, while the users of the domestic crude gypsum sell their finished product at from \$2.50 to \$4 per ton at the factories. It can not be contended that there is a competition between these articles and that the domestic manufacturer needs a protection which will aid him in selling his product.

The freight on crude gypsum and the manufactured article makes it impossible for these manufacturers to use the domestic crude or to compete with the manufacturers of the finished product who use the domestic gypsum.

The following is a comparison of freight rates to a few points, showing the advantage of New York State manufacturers. Oakfield, N. Y., is taken as the point because from this town is shipped most of the plaster that comes to the eastern seaboard.

Rate from—	To—						
	Scranton.	Utica.	Syracuse.	Oswego.	Buffalo.	New York.	Albany.
New York	\$2.00	\$2.00	\$2.00	\$2.00	\$2.40		\$2.40
Staten Island.....	1.60	1.25	1.00	1.50	.50	\$2.00	1.50
Oakfield.....							

As a matter of fact, crude gypsum is exported to Canada from the mines in New York State and admitted free of duty under the Canadian tariff. (See sec. 292, Canadian tariff.) The manufacturers in Canada near the New York border have, as has the domestic manufacturer here, a protection in the freight rate, which inhibits the use of crude gypsum from the seaboard mines. They are driven to import the crude gypsum from New York State and Michigan.

It should be noted also that the 390,000 tons of crude gypsum imported in 1907 were largely brought in American coasting vessels, and that J. B. King & Co., one firm alone, have nearly \$400,000 invested in American towboats and barges engaged in freighting gypsum rock from Nova Scotia to New York.

No tariff act, except the act of 1897, placed any duty on crude gypsum.

It is respectfully submitted that crude gypsum should be placed on the free list and no duty paid on its importation.

J. B. KING & Co.,
No. 1 Broadway, New York City.

NEW YORK, November 18, 1908.

WALDEN, N. Y., November 16, 1908.

MY DEAR MR. PAYNE: I have the honor to submit herewith copy of a communication to me under date of November 12, 1908, from

the Higginson Manufacturing Company, of Newburgh, N. Y., giving strong reasons in support of returning crude gypsum to the free list, and showing the proposition to be an equitable one as between western manufacturers on the one hand and owners of mills on the Atlantic seaboard on the other hand, and I beg to request consideration of this by the Ways and Means Committee on November 23, 1908 (Hearings on Schedule B—Earths, earthenware, and glassware), that it may become a part of the committee's official printed hearings.

With best wishes,

Very truly, yours,

THOS. W. BRADLEY.

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

NEWBURGH, N. Y., November 12, 1908.

HON. THOMAS W. BRADLEY, M. C.,

Walden, N. Y.

MY DEAR COLONEL: In common with all other manufacturers of prepared plaster having mills on the Atlantic seaboard we desire the return of crude gypsum to the free list.

All mills located on the Atlantic seaboard draw their supplies from Nova Scotia, while the western mills, located in Oakfield, near Buffalo, N. Y., and in Ohio, Michigan, Kansas, Iowa, Utah, Texas, and Virginia use native gypsum.

Crude gypsum was on the free list from the foundation of the Government until the Dingley tariff law of 1897 imposed a duty of 50 cents per ton, which was due to the efforts of a combination of western manufacturers, who asked for a duty of \$2 per net ton. The Dingley tariff bill, however, passed the House of Representatives with gypsum on the free list, was amended in the Senate by making gypsum dutiable at \$1 per ton, but changed by conference agreement to 50 cents per ton of 2,240 pounds.

The main points of our contention for crude gypsum on the free list are as follows:

First. The present tariff of 50 cents per ton is a discrimination in favor of one section of the country as against another.

Second. The eastern manufacturers could not draw their supplies of crude gypsum from the deposits in this country, which are in many cases inaccessible, and the cost of freight from the mines to New York market would make the cost of the rock prohibitive.

Third. There is really no competition between the plaster manufactured in the East and that made in the West, the western manufacturers being amply protected by the cost of freight from the mines in Nova Scotia to New York and the freight on the manufactured goods from New York to western markets, making the cost of eastern plaster delivered at western points nearly, if not quite, double that of the western product.

There is also another handicap under which the eastern manufacturer labors, and that is, about 25 per cent of every cargo of rock imported consists of water, which is expelled in the process of manufacture. On this 25 per cent the eastern manufacturer is compelled

to pay freight. This loss the western manufacturer is not subject to and gives them still further protection against competition from the East.

The western mills, in every instance, have their mills at the quarries or mines and their manufactured goods cost them less than our raw material.

The additional expenses the eastern manufacturers of calcined plaster incur over those of the western mills are these: Freight from the mines in Nova Scotia and New Brunswick to New York market, \$1.50 per ton; duty, 50 cents per ton; loss in calcining, 25 per cent, which is equivalent to about 87½ cents per ton, making a total of about \$2.88, and, in addition to these items, they are protected by the freight from New York market to western points referred to before. It would therefore seem fair to us—that is, if there is to be no discrimination—that this duty should be removed, and then they have more than ample protection in their locality over the eastern manufacturers.

If there is any further information you desire, please advise.

Yours, very truly,

(Signed)

H. C. HIGGINSON,
President.

SYRACUSE, N. Y., *November 20, 1908.*

HON. SERENO E. PAYNE,

Washington, D. C.

DEAR SIR: When the present tariff was being discussed before your committee I am advised all the manufacturers of gypsum products, except the few on the coast, urged that a duty of \$1 per ton be placed on imported gypsum rock. Had this been done it would evolve to the advantage and increased production of gypsum products at the several points scattered as they are through many States.

Taking into account the enormous deposits of rock that are widely distributed, and the untold millions of tons of gypsum that are not uncovered (see geological reports), we can not see why what in our judgment was only fair protection should not have been given these industries at the time the present tariff was revised. New York State has vast beds of gypsum rock that have not commenced to be worked, if you consider area of the field. The wages we pay and the more stringent laws (and very proper they are) that regulate the mining and manufacture of gypsum products have materially increased the cost of production.

The manufacturers on the coast can no longer urge their invested interests are so large as compared with the capital already employed in the interior, and their real investment in calcining plants proper is insignificant as compared with the capital invested in this industry in New York, Kansas, California, Ohio, Michigan, Iowa, and several other States, and were all their coast plants abandoned there would be a very material value in the lands, docks, and buildings, whereas the plants in the interior practically have no value aside from what they are worth for this specific purpose: not that we would have you imagine our coast competitors would go out of business, nor do we wish them to do so, but we do desire that they should be prevented from

competing with our natural products by shipping long distances into the interior. Further, the rock is brought here in foreign bottoms, and it would seem to be a better policy to give more freight to our railroads rather than pay it to foreign ships.

There is a prejudice—and it is largely a prejudice—against domestic plaster of Paris by many artisans, but give us more protection and the manufacturers will devise ways and means to overcome this objection by improving their methods of manufacture, and if we have \$1 per ton protection on rock it will stimulate us to make a finer product. All the argument advanced regarding color is largely imaginary and really cuts no figure in considering this matter. The peculiar nature of Nova Scotia rock enables the coast manufacturer to convert it into plaster of Paris more cheaply than we can our natural rock. In other words, it requires less units of heat to bring about the result.

As we understand, the object of permitting the manufacturers to advance their ideas at this time is to readjust the tariff equitably, and we do not feel that we have had proper protection.

We earnestly urge that in revising the schedule that your committee fix the import duty on rock at \$1 per ton.

Yours, very respectfully,

THE PARAGON PLASTER COMPANY.
W. K. SQUIER,
Treasurer and Manager,
Also Vice-President of The Niagara Gypsum Co.

NEW YORK, November 16, 1908.

HON. SERENO PAYNE,
Chairman of Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: We understand that there is a movement on foot to reduce the duty on crude gypsum. In regard to this, would say that we have large gypsum deposits on the Erie Canal, New York State, and have invested several hundred thousand dollars in these quarries and in the necessary mills at Brooklyn, N. Y., for the manufacture of the rock into plaster. We are not in condition to compete against the Nova Scotia material if the duty be removed, as their rock is much purer and sells for more in this market than ours can. Their freight rates when handled in large quantities are almost as cheap as the canal rates.

We have been trying for several years to build up our business based on domestic rock and can not do it if the duty be removed.

Yours, respectfully,

CLIFFORD L. MILLER & Co.

ZANESVILLE, OHIO, November 20, 1908.

HON. SERENO E. PAYNE.
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We use in the manufacture of molds considerable plaster which is made from Nova Scotia gypsum, it being the only plaster which makes a satisfactory mold in our work, and we are earnestly

interested to see the tariff of 50 cents per ton on the raw material which makes this plaster removed. There is a plaster manufactured from rock quarried in the United States, but same is not suitable for making molds for our pottery work. We believe it would be a benefit to the American potteries to have this duty removed, and anything that can be done consistently in this line will be appreciated.

Thanking you for a favorable consideration to this request, we beg to remain,

Very truly, yours,

S. A. WELLER.

FORT DODGE, IOWA, November 20, 1908.

MR. SERENO PAYNE,

Chairman of Ways and Means Committee,

Washington, D. C.

DEAR SIR: I have been advised that the matter of duty on gypsum is coming up before your committee Monday, the 23d. As the writer will be unable to be present at this hearing, I wish to register our protest against the reduction of the present duty on gypsum rock, which, we understand, is 50 cents per ton; in fact, it is not enough, as it ought to be \$1 per ton. There will be a great many of the gypsum manufacturers present, who will explain fully to your committee why the duty should be higher. If Mr. M. D. O'Connell, solicitor of the Treasury, and also vice-president of our company, is in your city he will personally appear and represent us, as I am to-day writing him about the matter.

Yours, very truly,

THE PLYMOUTH GYPSUM COMPANY,
Per L. E. ARMSTRONG, *President.*

PUMICE STONE.

NEW YORK, November 19, 1908.

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: We desire to call the special attention of your committee to the matter of duty on pumice stone, tariff of 1897, Schedule B, paragraph 92:

Pumice stone, wholly or partially manufactured, six dollars per ton; unmanufactured, fifteen per centum ad valorem.

As a manufacturer in this country, we think we are entitled to more protection, and would request your committee to remove the 15 per cent tariff on unmanufactured pumice stone, which is our raw material, and maintain the present tariff on ground pumice stone of \$6 per ton, and for the following reasons:

1. Lump pumice stone is not found in this country, and its being on the free list would not interfere with the development of any properties in the United States. Previous to the tariff of 1897 lump pumice stone was always on the free list, and grinding plants in this country were started under the belief that the raw material could always be imported free.

2. All pure pumice stone ground in this country has to be imported, and comes from the Lipari Islands, off the coast of southern Italy. There is a great difference in the scale of wages paid in America and paid in Italy. We pay for an ordinary day laborer from \$1.75 to \$2 per day. We understand the highest price paid in Lipari, or Italy, for the same class of laborer is not over 50 cents per day, and usually under this.

3. There is considerable difference in the ocean freight charges on lump pumice stone and ground pumice stone. On the lump we are obliged to pay fully 4s. 6d. per ton more. This is on account of lump pumice stone being very bulky and requiring additional space.

4. The cost of maintaining a grinding plant in America is much more expensive than in Lipari, not only on account of wages but in almost every other particular. It costs us to import our lump pumice stone and grind and bolt the same ready for the market about as follows:

	Per ton.
The cost of pumice stone for grinding, cost and freight to New York, £2 8s -----	\$11.71
Fifteen per cent duty on pumice stone (less freight) -----	1.65
Ligherage from steamer to dock, and cartage from dock to factory -----	.70
Cost of grinding, including power cost, repairs, wages, bolting cloth, in- surance, storage, and shipping -----	8.00
About six barrels required for each ton, at 27 cents each -----	1.62

Total cost of American-ground pumice stone ready for shipment... 23.08

Loss of weight in drying and grinding is fully 5 per cent.

5. We can import the pumice stone ground in Italy or Lipari, including the payment of \$6 per ton duty, laid down in our storehouse, for less than \$20 per ton.

Your committee can readily see, by comparing the above figures, how difficult it has been for grinders in this country to compete with the Italian ground pumice since the tariff of 1897, and we feel quite sure, after you have confirmed and satisfied yourselves in regard to the above figures, that you will realize when we ask for the removal of the duty on raw material that we are only making a request for what is reasonable and just for the American grinders. We think the grinders of pumice stone in the United States would be satisfied with the present duty on the Italian ground, \$6 per ton, provided the lump pumice stone or raw material was admitted free, although even under these conditions it would be close competition.

We shall be pleased to hear from you, or to give you any further particulars if you desire them. Thanking you in advance for your attention, we are,

Yours, truly,

R. J. WADDELL & Co.

NEW YORK, November 20, 1908.

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: I would respectfully call the attention of your committee to the duty on pumice stone, tariff of 1897, Schedule B, paragraph 92, which reads as follows:

Pumice stone, wholly or partially manufactured, six dollars per ton; unmanufactured, fifteen per centum ad valorem.

Would suggest that the manufacturers of this article in this country are not sufficiently protected by this duty from the cheap competition of grinders in Italy. Would ask your committee to place the raw or unmanufactured pumice stone on the free list, as it was previous to 1897, and to retain the present duty on the manufactured article of at least \$6 per ton.

Lump pumice stone is not found in this country, and therefore it would seem inequitable to place a duty on this material, as it forms the raw material for a considerably industry. The placing of this material on the free list would conflict with no industry of the United States. The net revenue to the United States from the importation of this material is very small, as the duty amounts to only about \$1 per ton, and the expense to the United States for weighing, etc., is no inconsiderable item.

There is a great difference between the wages paid in this country and that paid in the islands of Lipari, where most of the grinding on the other side is done. The wages of an ordinary laborer there are less than 50 cents per day, while we are obliged to pay \$1.75 to \$2 per day; all other expenses of maintaining a plant are proportionately greater in this country than in Lipari.

There is a difference in the ocean freight rate on lump pumice and ground, which obliges us to pay about 4s. 6d. sterling more for the freight on this raw material than the importers of the manufactured material are obliged to pay to get the material delivered in this country.

The cost of manufacturing and making ready for the market a ton of pumice stone in this country is in the neighborhood of \$23, while it can be imported from Italy, even paying the duty of \$6, and laid down here for less than \$20, so that your committee can readily see that it is pretty hard for a manufacturer to keep his trade under the conditions now in force, and that it is only a reasonable and just request that the duty be removed from the raw material.

If there is any further information that would be desired by your committee, we would be most happy to supply the same.

Very truly, yours,

T. VAN AMRINGE.

CAST POLISHED PLATE GLASS.

LANSING, MICH., *November 20, 1908.*

HON. S. E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: When you take up the cast polished plate-glass schedule in revision of the tariff, the following facts might be of some interest:

While the schedule as listed looks to be reasonable and low when you consider the list price of glass listed by the various manufacturers, however, in taking into consideration that there is always a discount ranging from 75 to 90 per cent from said list, it will be apparent that the tariff list is unreasonable.

The first item of 16 to 24 inches or under should not be considered, as there is but very little of these extreme small sizes used, and as they are to a certain extent waste or by-products. glass manufac-

turers of this country, and in fact in all countries, are always extremely anxious to dispose of the small sizes at extremely low prices.

It will be evident to your committee that the last two brackets, viz, 24 by 60 inches, and all above that on which the duty is 22½ and 35 cents per square foot, respectively, comprise 90 per cent of the volume of glass consumed in the United States; therefore it is fair to place the average duty at about 25 cents per square foot on glass imported, or the sizes used in this country.

In the last ten years the wholesale price of glass has fluctuated from 70 and 7½ to 90 per cent off the list, making nearly 200 per cent fluctuation, while, on the other hand, the price of materials used in the manufacture of plate glass and labor employed therein has not fluctuated during the last ten years to exceed 50 per cent.

There are now, we believe, in this country engaged in the manufacture of plate glass some 19 or 20 factories—enough to supply all the demand of the trade at the present demand. About half of these factories are owned by one company. The other half, or so-called "independent," invariably take their prices, and, we might say, are ruled exclusively by the company owning half of these plants.

The manufacturers using plate glass as a part of their raw material number up into the thousands. It is safe to place the number of these manufacturers in the United States who use plate glass as their raw material at 4,000 or 5,000. It will therefore readily appeal to you that with the fluctuation, amounting nearly to 200 per cent on plate glass, is demoralizing to these four or five thousand manufacturers.

The average price of producing plate glass in Belgium and other foreign countries is 17 cents per foot for all sizes. The average cost of production in the United States is about 22 cents for all sizes. Therefore it will be apparent to you that there is 5 cents a foot difference in cost of production, and it occurs to the writer an average of 8 cents per square foot duty on price of plate glass would give ample protection to the manufacturers in this country.

In all probability it will be argued in favor of leaving the plate-glass list schedule alone. Glass is now selling at a reasonable price, and, in fact, as cheap as it can be sold at a profit to the manufacturers. This the writer will concede. However, once that it becomes apparent that there is to be no change in the plate-glass schedule, it is the writer's opinion that plate glass will take a wonderful jump in price.

We might say, in conclusion, that the writer is a protectionist, and is willing to concede ample protection to glass manufacturers. However, he believes that even a good thing may be overdone.

Respectfully, yours,

HUGH LYONS.

PLATE GLASS AND MAHOGANY LOGS.

EVANSVILLE, IND., November 18, 1908.

HON. SERENO E. PAYNE,

Member of Congress, Washington, D. C.

DEAR SIR: In reference to the duties on plate glass for mirrors, we desire to enter our protest against continuing the present duty on mirror glass. We were told by a glass man this morning that the

committee had intention of making it 25 cents per foot on all sizes, while the present tariff calls for a graduated percentage of from 8 cents to 35 cents per foot, according to the size.

At the time the plate-glass industry was established in this country, when it was in its infancy, this duty was probably necessary, but we can not see why it should be continued now. There is absolutely no reason for it, except if the committee wishes to continue the plate-glass trust and put millions in their pockets and take it out of the pockets of the furniture manufacturers and consumers over the country. It is not necessary to continue this tariff any longer in order to protect labor, as the glass can be manufactured as cheap in this country as in Belgium, and therefore we believe the tariff should be entirely taken off, or at least very much reduced. We trust you will use your efforts to this end.

Also we beg to call your attention to the duty on mahogany logs. Why there should be duty on this we do not understand. We have no mahogany in this country at all and our own timber is being rapidly cut out, therefore we believe the duty should be taken off on mahogany logs. Why should the manufacturer and the consumer pay this duty, which, of course, comes out of the factory and consumer in the end; and the tariff is not necessary on mahogany logs, since mahogany is not grown in this country, and considering the question of our own supply of timber giving way we think it would be for the good of the country if more mahogany was imported.

We trust you will use your best efforts toward taking off the duty on mahogany logs. We should be pleased to hear from you on both of these questions as to what the committee expects to do.

Yours, truly,

THE KARGES FURNITURE COMPANY,
A. F. KARGES, *Treasurer.*

SPECTACLE FRAMES.

Col. Albert Clarke, of Boston, filed with the committee the following letter:

SOUTHBRIDGE, MASS., *November 17, 1908.*

COL. ALBERT CLARKE,
Washington, D. C.

DEAR SIR: Referring to the hearing to be held the coming week on tariff revision, Schedule B, paragraphs 108 and 109, the above-named corporation, acting under the laws of Massachusetts, with a paid-in capital stock of \$30,000 and a bond issue of \$20,000, doing a business year ending June 30, 1908, of \$108,094, three-quarters of which is made and disposed of for home consumption, with a pay roll within the same period amounting to \$53,810, all in the manufacture of spectacle and eyeglass frames and mountings, employing on an average of about 125 people, respectfully solicit you to represent us before the committee appointed to conduct such hearing, to present to them our views on this subject, viz, that a large per cent of the cost of our product is paid for labor, and if any change is made in the present tariff necessitating a reduction in the price of our goods the only way we can meet this contingency is to reduce the

wages of our employees, which has long been held at a high standard on account of production, the same class of goods as our product made by cheap foreign labor would, on account of any tariff reduction, strike a blow to our protected labor which we should very much deplore.

Our working hours are fifty-five per week, having been reduced from the schedule of sixty hours for the same period unsolicited, and not compelled by any existing laws. These few facts will be sufficient, we trust, to convince our representatives that the present existing schedule is for the best interest of the greatest numbers. Not being favored with any extra executive force that we can spare from our daily business to visit Washington and present our case in person before the committee is the reason for our soliciting you as our representative, and take this opportunity to thank you in advance for the favor so conferred.

Yours, very truly,

DUPAUL, YOUNG OPTICAL COMPANY,
FRANK H. ORR, *Secretary*.

STAINED GLASS.

HON. SERENO E. PAYNE,

Chairman of the Committee on Ways and Means,

Washington, D. C.:

The undersigned, in behalf of those working in stained glass in New York, respectfully submit the following information as to the present tariff schedule, the injustice to the American glass manufacturers as at present enforced, and suggestions as to revision.

The provisions affecting this manufacture appear under Schedule B, paragraphs 107 and 112; also under the free list, paragraph 703.

I. Between 400 and 500 manufacturers are affected by this schedule.

The gross product at the present time is in the neighborhood of 5,000,000, but is increasing rapidly each year. There is consumed yearly by the glass manufacturers 7,500,000 pounds of opalescent glass and over 3,000,000 feet of cathedral and rippled glass in large sheets.

II. Paragraph 703 of the free list permits the importation of "pictorial paintings on glass" for presentation to all public and semipublic institutions.

Paragraph 107, Schedule B, permits "enameled, embossed, flashed, stained, colored, painted, or otherwise ornamented or decorated" glass to come in for a 5 per cent ad valorem duty in addition to the duty on the raw material. Any glass entered under this schedule would pay 4 cents a square foot for the glass and 5 per cent ad valorem. The gross duty being thus practically nil—that is, 1 square foot of glass worth \$3 would pay 19 cents duty instead of \$1.35 duty, if properly entered.

Any work entered under the free list, paragraph 703, or under paragraph 107, Schedule B, practically defeats the intent of the law as expressed in paragraph 112, Schedule B, which says "stained or painted glass windows, or part thereof," etc., shall pay 45 per cent ad valorem.

III. The words including "pictorial painting on glass" should be stricken from paragraph 703 of the free list.

Paragraph 107, Schedule B, should be modified so as to make it impossible to enter stained or leaded glass windows or parts thereof.

IV. The reasons for this are simple:

The intent of the law is explicit; all stained or leaded glass windows or parts thereof should pay a duty of 45 per cent.

This intent of the law, upheld by the courts and by instructions of the Treasury Department, is nevertheless in practice defeated by means of the two conflicting paragraphs above mentioned.

European manufacturers have within the last two or three years conducted an enormous business in the United States, approximating at the present half a million of dollars, and ever increasing.

The American rate of wages is, on the average, 33 cents an hour; the foreign rate of wages is 12½ cents.

The wages in Innsbruck are still lower, owing to a system of piece-work which exists there.

Reliable estimates have been received from foreign importers showing that they are willing to deliver in New York, duty paid, work for 50 per cent of the actual cost to the American manufacturer, and yet they claim to have paid 45 per cent duty thereon.

From information received from the Bureau of Statistics, Washington, we learn that the gross duty of 45 per cent paid in one year upon all mirrors not exceeding in size 144 square inches and stained or painted glass windows or parts thereof was \$88,122.81.

This amount of duty would represent a total importation of somewhat less than \$200,000, embracing, as stated, not only "stained or painted glass windows or parts thereof," but also "all mirrors not exceeding in size 144 square inches"—a figure which needs only to be stated to demonstrate its absurdity as an accurate measure of the extent of this business.

The Chief of the Bureau of Statistics, Mr. O. P. Austin, states in a letter of November 17, 1908, that he "regrets to say that it is impossible for this bureau to separate 'glass windows, stained or painted, or parts thereof,' from 'all mirrors not exceeding in size 144 square inches,' as the information is rendered to this bureau by collectors of customs in this combined form, and to separate them it would be necessary to examine all of the invoices and entries of the various custom-houses which have been filed during the year."

This makes it impossible for us to state to your committee what proportion of this \$88,000 is duty upon stained or painted glass windows or parts thereof.

It, however, must be apparent to anyone giving the matter most casual study that the duty paid to the United States Government does not represent in any way, shape, or form the merchandise imported to this country.

With this brief we file rates of wages paid at home and abroad for the further information of your committee if desired.

It is not our purpose to complicate the question, however, with details. Our statement is simply to the effect that the present law as administered does not protect the glass manufacturers of the United States.

If any changes are made in the tariff, may we respectfully request that the schedules affecting us be carefully considered by your committee?

The work executed by the glass manufacturers of the United States is of a character equal to any produced in the world at the present time. American leaded glass windows have been recognized by the best authorities as superior, in many cases, to any of the modern products; the awards received by Americans at the Paris Exposition in 1900 proved this beyond a question.

The glass workers of the United States being in a position to supply all local demand, respectfully protest against the great wave of cheap foreign work, the product of cheap labor and poor craftsmanship, which has recently been allowed to enter this country.

OTTO HEINIGKE,
Of HEINIGKE & BOWEN,
New York City.

F. S. LAMB,
J. & R. LAMB,
New York City.

BOND THOMAS,
General Manager Tiffany Studios.

JOHN CALVIN,
Of DECORATIVE STAINED GLASS COMPANY.

MONTAGUE CASTLE,
MONTAGUE CASTLE LONDON COMPANY.

The wages paid in foreign countries are: England, \$9 per week of 51 hours, or \$0.17 $\frac{1}{4}$ per hour; Germany, \$7.20 per week of 58 hours, or \$0.12 $\frac{3}{4}$ per hour; France, \$8 per week of 60 hours, or \$0.13 $\frac{1}{4}$ per hour; Belgium, \$7 per week of 60 hours, or \$0.11 $\frac{1}{4}$ per hour; Tyrol. \$5 per week of 60 hours, or \$0.08 $\frac{1}{4}$ per hour.

European averages: Average wage, \$7.24; average per hour. \$0.12 $\frac{3}{4}$; average hours, 58.

Wages in United States.

City.	Per week.	Hours.	Per hour.
New York.....	\$20	48	\$0.41 $\frac{1}{4}$
Philadelphia.....	18	48	.37 $\frac{1}{2}$
Chicago.....	17	58	.32
Boston.....	18	50	.36
Cincinnati.....	16	53	.30 $\frac{1}{4}$
Pittsburg.....	18	53	.34
Detroit.....	14	55	.25 $\frac{1}{2}$
Denver.....	15	54	.27 $\frac{1}{2}$
Davenport.....	15	54	.27 $\frac{1}{2}$
Kansas City.....	17	48	.35 $\frac{1}{4}$
Minneapolis.....	16	50	.32
Los Angeles.....	17	52	.32 $\frac{1}{2}$
San Francisco.....	22	48	.46
New Orleans.....	14	56	.25
Atlanta.....	14	56	.25
St. Louis.....	17	52	.32 $\frac{1}{2}$

Average wage, \$16.75; average hours, 52 $\frac{1}{2}$; average per hour, \$0.33.

MARBLE.

MARBLE, COLO., *November 22, 1908.*

To Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.:

Continuance of present duty on marble is essential to life of marble industry in this country. We have just expended \$2,000,000 cash developing marble deposit in this State. If duty is taken off marble and we are obliged to compete with labor in Italy at 30 cents to \$1 per day and low ocean rates to American seaports, the result will be disastrous to us. We pay from \$3 to \$5 per day for labor, and only the present import duty enables us to do this. All foreign marbles, white or colored, are in competition with American marbles and are properly luxuries. Fancy foreign limestones of many grades and colors are coming in under limestone classification; all these should be included in same classification as marble.

THE COLORADO YULE MARBLE COMPANY.

AGATE.

NEWARK, N. J., *November 21, 1908.*

WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

GENTLEMEN: We have noted the decision in the papers made by the Board of General Appraisers in reference to duty on agates for bearings, such as scales and all scientific instruments.

This is a matter that has a direct bearing upon our jewel manufacture, as we are unable to compete with foreign labor with a duty of only 10 per cent on these goods.

If a hearing is had on this subject we would like to be advised in advance, so that one of our representatives who is competent to place this before your honorable committee could be present and be heard.

The question of duty also has a direct bearing on watch jewels, and as the original duty on these was 40 per cent and was reduced to 10 per cent, it permits all of these jewels to be imported and sold to watch companies at a price that American labor can not compete with.

It is an odd fact, but all watch and clock material outside of jewels carries an import duty of from 40 to 60 per cent, and if these jewels could be made in this country with protection it would give work to a large body of high-class mechanics.

We should say that at least 10,000 people would find employment in this work alone, as we estimate that fully half a million jewels are used for bearings in watches in the United States per day, and that fully 90 per cent of these are imported.

You can see the importance of this, not only to ourselves, but to others who are or have been in this line and have been driven out by the absurdly low duty.

We hope to be advised that we can appear before you.

Yours, respectfully,

AMERICAN OIL AND SUPPLY COMPANY,
C. R. BURNETT.

CLIFF STONE.

CHICAGO, ILL., November 16, 1908.

HON. SERENO E. PAYNE,

*Chairman of Ways and Means Committee,**House of Representatives, Washington, D. C.*

DEAR SIR: I beg to call your attention to the genuine English cliff stone, or chalk, which whiting and paris whiting, as manufactured from whiting, is used as the basis for calcimine; also is used by picture-frame manufacturers and paint manufacturers. Paris white is used in the arts.

English goods are superior to the American goods; in fact, all countries use the English goods. The American goods are so inferior to the imported that the trade in this country demand the English goods.

There is not sufficient goods to fill the requirements of the trade. As to the amount of goods consumed in this country in this line, I am unable to give you the information, and I do not think you can get this information. As to crude chalk, there is no duty on same.

There is one-fourth cent per pound duty on manufactured whiting, which is \$20 per ton in American money, which is a prohibitory tariff.

If this manufactured foreign produce is allowed to come into this country free of duty, I can see no injustice to the domestic produce of this article. I think the duty should be taken off this foreign product, as the rights of the consumer and present condition should be considered, as well as the rights of produce.

I hope this matter, in justice to all the people at large, will have the proper consideration. I respectfully make these suggestions. I am,

Very respectfully, yours,

LEWIS W. GRIMM.

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 15.

TUESDAY, NOVEMBER 24, 1908.

WASHINGTON:
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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

**JOHN DALZELL.
SAMUEL W. MCCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.**

**NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. FOU.
CHOICE B. RANDELL.**

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Tuesday, November 24, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. In view of the fact that so few members of the committee are present, instead of taking up glass we will take up the subject of gypsum. We will first hear Mr. Lessler, of New York.

STATEMENT OF HON. MONTAGUE LESSLER, COUNSEL, 31 NASSAU STREET, NEW YORK, N. Y.

Mr. LESSLER. I want to call the committee's attention to section 91 of the tariff act of 1897, "plaster rock or gypsum crude, 50 cents per ton."

Of the nine manufacturers on the seaboard who use the imported gypsum, I represent the Higginson Manufacturing Company, Newburgh, N. Y.; the Newark Lime and Cement Company, Newark, N. J.; the Keystone Plaster Company, Chester, Pa.; the Wother-spoon Sons Company, Long Island City, N. Y.; the Connecticut Adamant Company, New Haven, Conn., and J. B. King & Co., New York, N. Y. There are nine manufacturers on the seaboard.

Mr. DALZELL. What are you going to advocate?

Mr. LESSLER. I am going to advocate that gypsum be placed on the free list.

The CHAIRMAN. Crude gypsum?

Mr. LESSLER. Yes, sir; pure and simple.

The CHAIRMAN. And a corresponding reduction in the manufacture?

Mr. LESSLER. I have not anything to do with the manufacture. I am here advocating taking off the 50 cents a ton duty on the crude gypsum.

The CHAIRMAN. I am only inquiring.

Mr. LESSLER. I will be glad to answer any questions you might ask, Mr. Chairman.

Gypsum is a hydrous calcium sulphate used for manufacturing by grinding and partial or complete calcination into plaster of Paris (calcined plaster) of various grades.

The imported gypsum is whiter and lighter in color than the domestic product, and is used in the manufacture of the finer grades of plaster of Paris; it contains about 25 per cent water in the crude state. In other words, a ton of gypsum imported into this country, after being calcined, only produces three-fourths of a ton of plaster of Paris; 25 per cent (water) evaporates and wastes in calcination.

I want to call the attention of the committee to the fact that the book that has been prepared contains only the figures for 1902, and

they may mislead the committee. For the year ending 1907, the last figures that are available, there were imported 390,066 tons of crude gypsum of the value of \$457,047, paying a duty of \$195,033, the average price per ton being \$1.17 f. o. b. vessels at loading port. For the year ending June, 1908, there were entered at the port of New York 217,359 tons. Those were the only figures I could get. The larger part came from the mines at Nova Scotia. None of the imported gypsum is used as a fertilizer.

The gypsum mined in the United States during 1907 amounted to 1,751,748 short tons in 17 States and Territories. Of this quantity 232,546 was sold crude, the greater part of which was used for fertilizing purposes. It will be found that the mills using the domestic crude gypsum are nearly all at or near the mines or quarries.

I want to call the attention of the committee to those two figures, 1,700,000 tons quarried in the United States as against 390,000 tons imported. About 17 per cent will be found to be the ratio.

Mr. BOUTELL. Has this any connection with English chalk?

Mr. LESSLER. No, sir; it has nothing to do with English chalk.

Mr. BOUTELL. Where does the gypsum come from?

Mr. LESSLER. Nova Scotia, Cape Breton, and New Brunswick.

In this connection I want to say that the Government has issued two very good pamphlets on this whole subject, of which I would like to make note, Gypsum and Gypsum Products in 1907, being a Geological Survey pamphlet, and Gypsum Deposits in the United States, being Bulletin No. 223, which gives the entire matter, State by State.

The principal use of the eastern plaster in the West—and when I speak of the eastern plaster I mean the manufacturers who use the imported crude gypsum and who are found along the seaboard as I have indicated—has been for ornamental work and in the potteries, the superior quality of the product of the seaboard manufacturers causing its use for those purposes.

According to the figures given by the custom-house authorities the value of crude gypsum at the mines is \$1.17, and I have taken this as the basis. I can give you the value of domestic gypsum at the quarry or the mine. The figures before the committee in the book prepared for it show that in 1902 domestic gypsum cost the domestic miner \$1.15.

It cost \$1.50 a ton for us to bring gypsum from the mines of Nova Scotia by sea to the seaboard towns of New York, Boston, or any place where it is used. It costs \$1.17 to mine it and 50 cents per ton duty, which added together makes the total cost to us arriving at the port of New York \$3.17. About three-quarters of that ton of imported gypsum is the actual product when it is calcined. When we figure this out, it will be found that before we commence to work at all the imported gypsum costs us \$3.96 per ton.

The domestic man's cost, taking our figures as his cost, is \$1.17. He has, of course, no duty; he has very rarely any freight, and according to the Geological Survey reports he has about 20 per cent of water, the exact figure being 20.19 per cent in the domestic gypsum.

The domestic man has another great advantage over the eastern manufacturer who uses imported gypsum; he has the freight rate in his favor, as we have the freight rate against us.

I quote in my little brief a comparison of freight rates to a few points, showing the advantage of New York State manufacturers, Oakfield, N. Y., being taken as the point, because from this town is shipped most of the plaster that comes to the eastern seaboard. To New York from Oakfield he gets a rate of \$1.60 a ton. If we desire to ship to Oakfield, our rate is \$2 per ton. The West—Kansas, Oklahoma, California, and Michigan—have vast deposits of gypsum. We know the quality is of an inferior grade to the imported gypsum and can not be used for the same purposes. In color it is black, and most of the time it runs unevenly, and for the finer purposes for which our gypsum is used it is impossible to use it. For instance, you had the potters before you yesterday. They must have the finest gypsum that can be obtained for their molds. They must have the whitest and cleanest gypsum that can be had.

Thinking that this question of freight might be of moment to you, I wired New York to find out the freight rates from Kansas on ton lots. The freight rate from Medicine Lodge, Kans., to New York is 31 cents per hundred, \$6.20 a ton, and from New York 51 cents per hundred. From Acme and Quanah, Tex., to New York, 25½ cents, and westbound from New York, 43½ cents. In other words, just what was pointed out to this committee in the hearings on the Dingley tariff bill eleven years ago has come to pass; our western trade, the western trade of the manufacturers using imported gypsum, is a thing that is dying out, except in the very finest grades of the product, while the western manufacturer, by reason of this differential against New York, is coming into our market all the time.

As a matter of fact, by reason of the initial cost of our raw product the user of imported gypsum can not manufacture or sell his product at a price less than \$6.50 per ton. The users of domestic gypsum sell their finished product from \$2.50 to \$4 a ton at the factory. In other words, the men who desire to keep the 50 cents duty on ought to raise it, if that be brought before you. Our contention is that a product which sells for from \$2.50 to \$4 is not in active competition with a product that is above \$6.50.

Mr. UNDERWOOD. The foreign product fills a field that is not filled by the domestic product?

Mr. LESSLER. Yes, sir.

Mr. UNDERWOOD. And you contend further that it is impossible for the domestic product to fill the field?

Mr. LESSLER. Yes, sir.

Mr. UNDERWOOD. And therefore the foreign product does not compete with the domestic product?

Mr. LESSLER. Yes, sir; it does not compete with the domestic product.

Mr. DALZELL. Every dollar of duty is so much made for the Government?

Mr. LESSLER. Yes, sir.

Mr. DALZELL. You say it does not compete with the domestic product, but yet it brought in last year \$195,000 of revenue?

Mr. LESSLER. Yes, sir.

Mr. DALZELL. A pretty good revenue producer?

Mr. LESSLER. It is not such a revenue producer as you would think, because it costs money to weigh it. It is not like a handkerchief or a piece of crockery where you open a bale and inspect a sample, but

you have to have men to weigh the stuff, and in any other product I am told it would cost the Government from 40 to 60 cents to weigh it. If that be true, I do not believe much net duty results to the Government from the \$195,000.

Mr. GAINES. It would not cost them that much to weigh it?

Mr. LESSLER. No, sir; for the reason that these large importers of gypsum get the stuff right at their own factories in the barges that come from Nova Scotia, and by an arrangement with the Government the Government has a man there. As a matter of fact, in all probability you will find that these manufacturers are doing the work of weighing and the Government is simply overseeing it. If the Government had that gypsum weighed, as it does all other products, it would cost them a great deal more to weigh it and collect the duty than the \$195,000 it gets.

Crude gypsum is exported to Canada, from where we get our gypsum, being admitted free of duty under the Canadian tariff, section 292, and the reason for this is just the same reason why we can not get or use the domestic gypsum from the other side of the Mississippi River that the Canadian manufacturers on or near the Great Lakes can not get the New York gypsum, as they have the freight-rate inhibition against them from Nova Scotia or Cape Breton or any of those places.

There is another aspect of this question that is of some importance and ought to be considered. J. B. King & Co. have alone over \$400,000 invested in freight vessels, barges, and ocean-going tugs, bringing the crude gypsum to this country. That means the employment of men, the use of American bottoms, and, of course, all those vessels are built in American shipyards, most of them on Staten Island, where I live.

It has been pointed out, I think, that in the hearings of 1896 on this subject the proposition was laid down that it would be a very simple and easy matter to erect a mill to manufacture this plaster of Paris from the crude gypsum, and the prediction was made at that time that the industry would flourish and that mills would go up all over the country. There is a reason for that. As soon as the quarry is mined out the mill that has been erected there at a cheap cost can be abandoned and moved to some other place, but not so with us. Every one of these mills, of the nine manufacturers or the six that I represent is in a large center. Our mill on Staten Island is a tremendous mill, and as near as I can ascertain has about \$5,000,000 invested in these various plants.

I think that briefly puts before you what I have to say on this subject.

Mr. UNDERWOOD. You are asking for absolute free trade?

Mr. LESSLER. I am asking for the placing of crude gypsum on the free list, with no duty on it at all.

Mr. UNDERWOOD. What effect would a 25 per cent duty have on the revenue; would it diminish or increase it?

Mr. LESSLER. The figures show that the domestic product and the imported product have not kept pace at all. In 1897 the production of crude gypsum in the United States was 288,982 tons, and in 1907, 1,751,748 tons.

The CHAIRMAN. The production was how much?

Mr. LESSLER. In 1907 there were 1,751,748 tons produced in the United States.

The CHAIRMAN. In 1907?

Mr. LESSLER. Yes, sir. You have the figures of 1902 before you.

Mr. GAINES. All the comparisons made here are between 1896 and 1907. This gives the figures of 224,000 tons in 1896 and 816,000 tons in 1907.

Mr. LESSLER. No; 1902.

The CHAIRMAN. Our reports show 816,000 tons?

Mr. LESSLER. Yes, sir; for 1902, but if you will look at this pamphlet, Gypsum and Gypsum Products—

The CHAIRMAN (interrupting). What was it for 1902?

Mr. DALZELL. Eight hundred and sixteen thousand tons.

Mr. LESSLER. That is right.

Mr. GAINES. The comparison given here in 1896 is 224,000 tons.

Mr. LESSLER. That is right.

Mr. GAINES. And 816,000 tons in 1907?

Mr. LESSLER. No; 1902.

Mr. GAINES. This is a misprint.

Mr. DALZELL. Four or five lines above you will see how it is.

Mr. LESSLER. Mr. Underwood, that brings me back to your question. In 1903 there were imported 265,000 tons, round figures; in 1904, 294,000 tons; in 1905, 399,000 tons; in 1906, 436,000 tons, and in 1907, 453,000 tons. In 1908, I should judge, having only the figures of the port of New York, that it is a little less, but the relative amount of imported gypsum has always been about 17 per cent of the entire gypsum used in the United States.

Mr. UNDERWOOD. You say that this imported gypsum does not enter the field that domestic gypsum does. Then that would be exactly on the same basis as tea or coffee—it is simply a revenue question?

Mr. LESSLER. Yes, sir.

Mr. UNDERWOOD. Would there be very much more of this article come into the United States if we reduced the duty one-half?

Mr. LESSLER. I do not think so, for this reason: You must remember that when you bring this product in to use it you must have immense storing facilities. You take our people along the coast; they have not great big open fields in which to stick the stuff and they must put this crude gypsum in some sort of a storage warehouse, and to bring an immense quantity in means the use of more land; and of course when we are in a city like New York, to use more land and buildings means more taxes and means that our product, so far as the consumer is concerned, must be increased or we must make less money.

Mr. UNDERWOOD. Then, if this is purely a revenue article, under the present condition of the Treasury why should we reduce it?

The CHAIRMAN. He is arguing in favor of the manufacturers in New York City.

Mr. LESSLER. There is only one in New York City, so I can not argue for more than one-sixth of those I represent.

The CHAIRMAN. Where does this gypsum come from?

Mr. LESSLER. Nova Scotia, Cape Breton, and New Brunswick.

The CHAIRMAN. Does any of it come from the interior States?

Mr. LESSLER. Not the kind we use, because we could not use it for the kind of plaster we produce.

The CHAIRMAN. What do you use the plaster for?

Mr. LESSLER. For the finer potteries and wall decorations.

The CHAIRMAN. You manufacture plaster of Paris?

Mr. LESSLER. Yes, sir.

The CHAIRMAN. Do you also manufacture it by simply grinding it for fertilizer?

Mr. LESSLER. No, sir. Very little of the imported gypsum is used for that purpose.

The CHAIRMAN. They use the domestic gypsum for that purpose?

Mr. LESSLER. There could not have been very much of it used for that purpose, because of the 1,700,000 tons quarried or mined in the United States only 239 tons were sold crude.

The CHAIRMAN. It is not used as much as forty years ago?

Mr. LESSLER. No, sir.

The CHAIRMAN. They are also using it in the manufacture of cement?

Mr. LESSLER. Yes, sir.

The CHAIRMAN. Large quantities of it?

Mr. LESSLER. I do not think they are using the imported gypsum largely in the manufacture of cement.

The CHAIRMAN. I know that the mines in my district used to grind it simply for fertilizer, but within the last two or three years they have been getting out vast quantities for cement.

Mr. LESSLER. Thinking that you might like to inquire as to the technical situation in regard to this matter, Mr. Jerome A. King is here, if the committee desires to ask him any questions.

The CHAIRMAN. Suppose we should conclude to put into that paragraph crude gypsum suitable for manufacture of plaster of Paris free, and then levy the duty on the other kind, what effect would that have?

Mr. KING. I do not think it would have any effect.

The CHAIRMAN. Suppose we should put into the paragraph admitting free of duty such gypsum as is suitable for the manufacture of plaster of Paris, and leave the duty on the other crude material for manufacturing and other purposes, for fertilizer, or to be used as cement?

Mr. KING. You can not make the distinction.

The CHAIRMAN. And still there is one?

Mr. KING. Yes, sir.

The CHAIRMAN. The imported gypsum, you maintain, is the only kind useful for making plaster of Paris?

Mr. KING. Yes, sir.

The CHAIRMAN. Do they not make plaster of Paris out of the domestic product?

Mr. KING. They certainly do.

The CHAIRMAN. You claim that you have a little better article?

Mr. KING. Yes, sir; we certainly do.

Mr. DALZELL. If we put that on the free list would there be a reduction in the price?

Mr. KING. Certainly.

Mr. LESSLER. Men are writing to these concerns saying that if the duty be taken off they desire the rebate given to them.

Mr. DALZELL. That is the consumer?

Mr. LESSLER. Yes, sir.

Mr. DALZELL. What benefit will it be to you?

Mr. KING. It will increase the trade. That is what we are looking for. We want to get the trade back.

Mr. LESSLER. Take it in the early days, these people used to ship to Buffalo. Now their Buffalo trade is gone, because they can not take the canal. It was said that the canal would help us. The freight rates last year were \$1.25 and \$1.50 a ton.

The CHAIRMAN. We will hear Mr. H. C. Nobles, of Rochester, N. Y.

Mr. NOBLES. I would like to say something after Senator Long makes his address.

The CHAIRMAN. I did not know Senator Long desired to be heard. Is Senator Long present? [There was no response.]

Mr. Nobles, that will take you over to the evening.

Is there any other person who desires to be heard on gypsum? Is Mr. Avery here?

Mr. AVERY. Mr. Roberts has been selected by a committee sent down here for the purpose of discussing this matter and he has a short report to make.

The CHAIRMAN. We will hear Mr. Roberts.

STATEMENT OF MR. GEORGE E. ROBERTS, OF CHICAGO, ILL.

The CHAIRMAN. Mr. Roberts, you represent Mr. Avery, Mr. Miller, Mr. Henly, and Mr. O'Connell?

Mr. ROBERTS. Yes, sir. This is a committee of the producers of gypsum and products of gypsum throughout the United States.

The CHAIRMAN. Please give us your residence.

Mr. ROBERTS. My residence is Chicago.

The other members of this committee are Mr. S. L. Avery, of Chicago; M. D. O'Connell, Washington, D. C.; S. T. Meservey, of Fort Dodge, Iowa; Mr. A. Henly, of Lawrence, Kans.; Mr. Clifford L. Miller, of New York State, and Mr. J. A. Lienhouts, of Grand Rapids, Mich.

The CHAIRMAN. You may proceed, Mr. Roberts.

Mr. ROBERTS. This committee represents the producers of native gypsum and the manufacture of products therefrom. Gypsum is a sulphate of lime, found in the form of rock, which, when ground and subjected to heating, becomes plaster of Paris. In this form it is used in the manufacture of wall plasters, fireproofing partitions, pipe coverings, and in the manufacture of plate glass. Portland cement contains from 2 per cent to 3 per cent of gypsum, which is incorporated either in the raw or in the calcine state.

Gypsum is widely distributed throughout the United States, and inexhaustible beds are being mined in New York, Virginia, Ohio, Michigan, Iowa, Kansas, Arkansas, Oklahoma, Texas, North and South Dakota, Wyoming, Montana, Utah, Nevada, Oregon, New Mexico, California, Colorado, and Arizona.

The products of gypsum are now manufactured and marketed by from 45 to 50 separate corporations, distributed according to population throughout the States named. There are perhaps in all a hundred different factories. The capital invested is estimated at between \$15,000,000 and \$20,000,000. The industry employs between 5,000 and 6,000 people.

A committee representing the producers of gypsum and its manufacturers appeared before the Ways and Means Committee of the House of Representatives in January, 1897, and submitted a state-

ment setting forth the conditions of the industry at that time, which appears on pages 2045 to 2048 of Volume II of Hearings before the Committee on Ways and Means, Dingley bill, Fifty-fourth Congress, second session. To that statement this committee desires to refer your committee.

An examination of this statement will show that the industry was then practically in its infancy, the annual production for the fiscal year 1897, as reported by the United States Geological Survey, being 288,982 tons, while the imports for the same year were 163,201 tons. This committee for the producers made an appeal for a duty of \$2 per ton upon crude rock, \$2.50 per ton upon ground form, \$3 per ton upon calcine gypsum, or plaster of Paris, and represented that these rates of duty would confine the foreign rock and products manufactured therefrom to the Atlantic seaboard and territory adjacent thereto. and permit a large expansion in the consumption of the domestic products. They based their argument for this protection upon the common ground occupied by producers of iron ore, pig iron, pig lead, coal, marble, zinc, and numerous other articles, to which it has been the uniform policy of the country to give protection. Their proposal was antagonized by the importers of gypsum, who represented that the commodity, having always been on the free list, certain industries had been built up under such conditions, and would be injured by a change of policy. As a result of the committee's consideration of the whole subject, a duty of 50 cents per ton was placed upon gypsum and \$2.25 upon calcine plaster.

Under this schedule of duties the production of gypsum and its manufactures has been enormously expanded in the interior of the country, but the manufacturers of gypsum products from imported rock along the Atlantic seaboard have also nearly doubled their business—showing that their business has not been curtailed by the duty put on at that time.

As showing the development of the industry in the United States under present conditions, we beg to submit the fact that more than 30 separate and individual corporations have in the past ten years been organized for the purpose of mining native gypsum and manufacturing its products, and the output of native gypsum has risen from 288,982 tons in the fiscal year 1897 to 1,751,748 tons in 1907. The output is nearly six times as great as it was ten years ago when the duty of 50 cents a pound was granted. (See report United States Geological Survey.) About 40 new mills for the manufacture of wall plaster and other products from native gypsum have been constructed since the tariff of 1897 went into effect, and these new mills alone, operating at their normal capacity, are able to calcine more gypsum than has ever been produced in any one year in the United States. It will be seen, therefore, that the domestic mills are more than able to supply the entire consumption of the country at the present time. It will be apparent that under existing conditions many of these plants are necessarily idle. In every market of the country competition between the domestic producers is free, unrestrained, and vigorous, and selling prices are the lowest known.

While this development of the native industry has been going on the consumption of foreign gypsum has not fallen off, but, on the contrary, has risen from 163,201 tons in the fiscal year 1897 to 393,000 tons in the fiscal year of 1907, more than double. These figures dem-

onstrate that the business of the manufacturers upon the Atlantic seaboard who import their gypsum rock has not only not been reduced but has expanded and prospered. These manufacturers have added largely to the capacity of their plants and still have command of the markets along the seaboard and adjacent territory. The small duty of 50 cents per ton has unquestionably aided the producers of the domestic product to hold the interior markets and has encouraged them to increase their investments and enlarge their output, as shown by the figures given above, and this has been accompanied by an actual decrease in the price of the product to the consumer. Under the assurance of even this small degree of protection the industry has been largely developed in the territory where the competition of the foreign product has been keenly felt, and large investments have been made because of the policy adopted in the tariff of 1897 and which would be imperiled if the duty were now removed.

We think it well to call the committee's attention to the fact that in 1897, in the State of New York, there were four mills manufacturing plaster from imported rock and only one producing the calcine product from the native rock, while to-day, by reason of the encouragement received under the tariff law of 1897, we still have four mills in the State using imported rock and nine calcine plants using the native rock.

The CHAIRMAN. Using what?

Mr. ROBERTS. The native rock.

I want to call the committee's attention to these figures:

In the fiscal year 1896 the total gypsum product of the State of New York was 23,000 tons, as against 242,000 tons of like product in the fiscal year 1906.

The growth in the ten years of the importations have been at least 150 per cent under the existing tariff. To do away with that protection of the industry now would mean the invasion of the imported business and its extension farther into the country, and driving out of business to the same extent of the domestic production of gypsum. The country is more interested in developing the home industry and giving employment to American capital and labor than it is in building up industries in Nova Scotia and driving out of business capital and labor at home.

In the Senate the duty on gypsum rock was fixed, in the Dingley tariff law, at \$1 per ton, but reduced in conference to the present rate of 50 cents per ton. Had the rate of \$1 remained in the bill, the foreign importations would not have increased as they have, and in the same proportion the home production would have increased, thus giving employment to capital and labor at home rather than in Nova Scotia.

The native producer holds that it would be the part of wisdom to increase the duty to such an extent that whatever increase there may be hereafter, it may be in our home production, rather than in our importation.

We feel justified in insisting that the best interests of the country would be subserved by a duty of not less than \$1 per ton upon imported rock.

The gypsum industry, we feel, is entitled to the same consideration and treatment given to the other industries of the country. The country is possessed of vast deposits of this mineral, so situated as

to conveniently supply every part of the country. If this domestic wealth is developed, the benefits will be shared with the other industries of the country.

If foreign gypsum may enter free or at a nominal duty, it will exclude the home product from a fringe of territory not only along the Atlantic coast, but eventually along the northern and perhaps the southern border. Our neighbors of Canada are showing no such favor to the producers of the United States. Formerly our gypsum products enjoyed a good market in Canada, but of late they have been excluded not only by the high duty, but by most stringent regulations. Until of late there has been no duty upon gypsum rock entering Canada, but we are advised that a duty has recently been imposed, in ad valorem, which as enforced amounts to a practical equivalent of our duty of 50 cents per ton.

The committee representing this industry in 1897 stated that, owing to the vast and widely distributed deposits of raw material in the country, it would be impossible for a monopoly to be established to take advantage of tariff protection, and this has proven to be true. The country has benefited by the development of its resources, the employment of additional labor, and by improved methods which competition has developed. In every respect the duty has justified the claims of its advocates, but the new enterprises stimulated by it are many of them barely beginning business. They are now suffering from the depression which has fallen upon the building industry during the past year and would be seriously affected by action that would still further limit the consumption of their product.

GEO. E. ROBERTS.

S. L. AVERY.

M. D. O'CONNELL.

S. T. MESENEY.

A. HENLEY.

CLIFFORD L. MILLER.

JAS. LIENHOUTS.

M. A. REEB,

Representing Niagara Gypsum Company, Buffalo, N. Y.

F. A. WALKER,

Representing mills at Palmdale, Cal., Los Angeles, Cal., Acme, N. Mex., Acme, Tex., Laramie, Wyo., Cement, Okla., Marlow, Okla., Grand Rapids, Mich.

H. C. NOBLES.

Representing American Gypsum Company, Garbutt Gypsum Company, Empire Gypsum Company, Monarch Plaster Company, all of Rochester, N. Y.; Lycoming Plaster Company, Garbutt, N. Y.

Representing mills in New York, Virginia, Ohio, Michigan, Iowa, Kansas, Oklahoma, New Mexico, Texas, Wyoming, Colorado, Nevada, Utah, Oregon, Washington, South Dakota, Montana, and California.

The CHAIRMAN. Did you hear the statement made by Mr. Lessler that plaster of Paris made from the imported rock is of such a high grade that nothing can be made to compete with it from the native rock?

Mr. ROBERTS. We do not concede that at all.

The CHAIRMAN. You claim that you make an article equally as good?

Mr. ROBERTS. We have an article equally as good produced in this country.

The CHAIRMAN. Mr. Lessler also made the statement that the importations of rock have remained the same relative proportion, about 33 per cent, ever since this law was enacted, which would seem to indicate that his industry was growing on a par with yours?

Mr. ROBERTS. I think that is about true. I gave the figures. They have increased their business under the duty as it stands.

Mr. DALZELL. You do not agree with Mr. Lessler that foreign gypsum does not compete with the American product?

Mr. ROBERTS. No, sir. It is an active competitor here in this market. I am inclined to think that this building is plastered with Nova Scotia material.

Mr. HILL. Why should it not be; it is on the Atlantic coast?

Mr. ROBERTS. There are deposits of native gypsum near the coast. There is a deposit in Virginia and one mill which represents an investment of \$250,000 right within easy reach of the seaboard. The State of New York has a ledge of gypsum 100 miles long that is practically undeveloped; the development has only begun.

Mr. LONGWORTH. What you advocate amounts substantially to prohibition, does it not? You are for prohibition, not protection?

Mr. ROBERTS. No. We believe that the plaster industry—

Mr. LONGWORTH (interrupting). But you say the duty should be doubled, and under the present duty of about 40 per cent there is only about \$195,000 of imports.

Mr. ROBERTS. The manufacture of plaster from imported rock has more than doubled under the duty as it stands.

Mr. COCKRAN. The manufacture or the importation?

Mr. ROBERTS. The manufacture of plaster from imported rock has more than doubled under the duty.

Mr. COCKRAN. Then, would not the present duty be satisfactory to you?

Mr. LONGWORTH. He advocates the doubling of the duty.

Mr. COCKRAN. I understand, but I want to find out about the manufacture in this country.

Mr. ROBERTS. It has doubled—that is, in the country. The imported material has held its own in the territory adjacent to the coast.

Mr. UNDERWOOD. Is not this product like all very heavy products—that is to say, the freight rate is more material as to the territory in which it can compete than the duty?

Mr. ROBERTS. The freight rate is a very important factor. It is a disadvantage undoubtedly to the native industry in the State of New York—that is to say, the water transportation from Nova Scotia has an advantage over the rail transportation even from the center of the State of New York.

Mr. UNDERWOOD. There is a certain zone in which the product of a factory can be sold before it comes into the prohibited distance of another factory?

Mr. ROBERTS. Yes, sir.

Mr. UNDERWOOD. And that is what largely governs the sale of the product?

Mr. ROBERTS. Yes, sir.

Mr. UNDERWOOD. As a matter of fact, the home producer has a zone in which the foreign gypsum can not enter at all when you get back from the seacoast?

Mr. ROBERTS. That is true.

Mr. UNDERWOOD. And he now controls the larger portion of the United States?

Mr. ROBERTS. That is true.

Mr. UNDERWOOD. And to increase the duty would merely mean to shut out the foreign product entirely?

Mr. ROBERTS. I understand that the importers of gypsum are here asking that the duty be removed entirely. I want to call the attention of the committee to the fact that under this duty of 50 cents a ton the cost to the consumer of the product has not been increased and that the manufacturer who uses imported rock has largely increased his business.

Mr. UNDERWOOD. Right on that point let me ask you a question as to the consumer. What does it cost to manufacture this imported raw gypsum used in the finer product that is sold to the consumer?

Mr. ROBERTS. I do not think I can answer that question.

Mr. UNDERWOOD. How much more does it cost after the gypsum has been manufactured, what is the increased cost?

Mr. ROBERTS. I am not familiar with the cost of the imported material. I can not answer that question. There are other gentlemen here on the committee who can go into that detail.

Mr. UNDERWOOD. All right.

Mr. ROBERTS. I would like to say, in addition and in conclusion, referring to this mill in Virginia, that has been built within the competitive territory reached by foreign plaster: The plaster manufactured from foreign rocks grows all along this coast and back for some distance, and the Virginia gypsum comes in direct competition with it. That industry has been put there within the last year, a building and a little community of several hundred people where there was absolutely nothing before, and the removal of the duty on gypsum would very seriously imperil that enterprise and others like it along the coast that have been established under the policy adopted in 1897.

Mr. GAINES. Could you tell me how we could find out the fact as to whether this foreign gypsum that is imported is of such a different quality that it does not compete with the American product? It does not seem to me that a claim of such wide difference in quality should be made and disputed; either the claim should not be made or it should be admitted.

Mr. ROBERTS. I think it is true that the manufacturers in New York State, who are the oldest established factories, I believe, in this country, have made a greater effort to cater to the demand for plaster for some particular purposes for which there is a limited demand; for instance, the plaster used in statuary. They have collected their rock and they have taken greater pains to cater to that trade than the other plaster manufacturers of the country, and they undoubtedly have the bulk of the trade because they have catered to it and made an effort to hold it. But, commercially, so far as the analysis—

Mr. GAINES (interrupting). I am not talking about the analysis; I am talking about the commercial competition. Then, you concede

that the imported product is of so much higher grade that it does not compete?

Mr. ROBERTS. No; I do not concede that at all. The great bulk of their product, probably 75 to 90 per cent, enters into wall plaster, such as is on the walls of this building, which is their main business and ours, and they have catered to this other trade to meet the demand, which is comparatively small, for statuary. It is the color that is the difference. They have catered to that trade.

Mr. GAINES. I would suggest that the interests meet and agree on some language which would differentiate the two kinds. I believe in protecting the American product.

Mr. ROBERTS. I would like to have you hear Mr. Avery a moment, if you will.

Mr. HILL. There is no possibility of competition in the State of Iowa in this product by reason of the freight?

Mr. ROBERTS. If the manufacturers here near the seaboard were driven out from the market here, they would turn their product west, which would affect the market there.

Mr. HILL. But they could not compete with the State of Iowa on account of the freight?

Mr. ROBERTS. They could compete with Ohio, and Ohio would turn its product west to compete with Iowa. You can not disturb one manufacturer without more or less affecting all the rest.

Mr. CLARK. You were formerly the Director of the Mint?

Mr. ROBERTS. Yes, sir.

Mr. CLARK. And now you are a banker in Chicago?

Mr. ROBERTS. Yes, sir.

Mr. CLARK. Will you please state to the committee what interest you have in the gypsum business?

Mr. ROBERTS. I own an interest in a plaster mill.

Mr. CLARK. How much is the tariff now?

Mr. ROBERTS. Fifty cents a ton on the crude rock.

Mr. CLARK. How much was it under the Wilson bill?

Mr. ROBERTS. It was free.

Mr. CLARK. The truth of the history of the matter is that gypsum was put in the tariff law to satisfy Senator Dolliver, who was then on the Ways and Means Committee of the House of Representatives, because there is a big deposit of gypsum right near Fort Dodge, Iowa. Is that not true?

Mr. ROBERTS. There is a deposit there.

Mr. CLARK. Is that not the history of gypsum, that the rest of the committee did not want to put it in the tariff law, but that Senator Dolliver was so insistent and said that gypsum was the only thing in the State of Iowa that could be protected, and the committee gave in to him?

Mr. ROBERTS. I think there were other people interested. Senator Dolliver may have received some consideration at the hands of the committee.

Mr. CLARK. It was not a sop to Dolliver?

Mr. ROBERTS. I do not recognize it as such. I recognize it as an act of justice by the committee to that industry, and that it was an effort to put that industry on a fair basis with the other industries of the country. It does not do any more.

Mr. CLARK. How far does the zone of this 100-mile ledge in New York extend out west to our country? Where is the western limit of that zone?

Mr. ROBERTS. The people of the West are not so much interested in the ledge in New York as they are in the ledges in Oklahoma, Kansas, Iowa, Colorado, and in the other States of the West, as well as Michigan and Virginia. This deposit is widely distributed over the country. It is not a local industry.

Mr. CLARK. The truth is, it is distributed all over the country?

Mr. ROBERTS. Yes, sir.

Mr. CLARK. And is practically as common as limestone rock?

Mr. ROBERTS. It is not as common as that, but it is an industry that is not local; all parts of the country are interested in it.

Mr. CLARK. If it is as common as that, how does it happen that the foreigners can come in and crowd you out with their rock?

Mr. ROBERTS. I thought I had gone into that. The deposits are found very near the coast in Nova Scotia, and transportation down the entire coast line is very cheap, and I understand that the labor in Nova Scotia does not begin to cost as much as it does in this country. That is particularly true of the last few years.

Mr. CLARK. The freight rate would be absolutely prohibitive against the Nova Scotia man anywhere west of Buffalo?

Mr. ROBERTS. As I stated in answer to a question, while that rock might not go to Buffalo, it would drive the local manufacturer to the western market, so that the entire market would be affected.

Mr. CLARK. This stuff is not much better for building purposes than that made out of limestone?

Mr. ROBERTS. It is vastly superior, in the opinion of architects; they specify it uniformly.

Mr. CLARK. How much revenue did the Government get out of it last year?

Mr. ROBERTS. One hundred and ninety thousand dollars; something like that.

Mr. CLARK. Do you not think you could stand a little shave down in the duty?

Mr. ROBERTS. Increased revenue, of course, means less production in this country.

Mr. CLARK. If that is true, the only way you can get revenue out of the tariff is to increase imports?

Mr. ROBERTS. I think, as to the question of tariff legislation, I can safely turn you over to the chairman.

Mr. CLARK. You might turn the chairman over to me [laughter] and see how that will work.

You know just as well as I do, without my imparting any news to you, that there was a deficiency in the revenues of the Government last year, a large one; my recollection is \$64,000,000. I may be mistaken about the amount. The chairman stated the other day that it was getting better. I hope that is so. How are we going to raise revenue enough out of the tariff to get the amount of money we need if every protected industry comes before the committee and wants a prohibitive tariff? That is what your proposition amounts to. Have you any solution for that problem?

Mr. ROBERTS. I would make this suggestion to the Congressman—that if he will read the history of the country, as I know he has,

he will find that the government revenues are largest in times of prosperity.

Mr. CLARK. That is true.

Mr. ROBERTS. And if he will support a tariff that will promote the prosperity of the country he need not worry about that deficiency. The government revenues for 1907 exceeded the disbursements by \$87,000,000, and that was with this duty of 50 cents a ton.

Mr. CLARK. You did not answer my question, but made a pretty good speech. [Laughter.] How are we going to get revenue out of the tariff, which seems to be the only place to make up this deficiency, if practically every protected industry that comes before the committee insists on a prohibitive duty? Your proposition is a prohibitive tariff, and we might just as well say that this stuff shall not come in at all.

Mr. ROBERTS. If you will look after the general prosperity of the industries of the country the revenues of the country have in the past been found to be adequate.

Mr. COCKRAN. You might tell us just how we are to do that?

Mr. ROBERTS. I am afraid you have not the time to listen to a general tariff speech.

Mr. COCKRAN. Your idea is to get more tariff by increasing prosperity?

Mr. ROBERTS. I would not do anything to injure the established industries of the country. The importers are here asking that this duty of 50 cents a ton be removed. The duty has served as a basis on which many industries have been built up. This is a comparatively new industry.

Mr. LONGWORTH. You are asking that the duty be doubled. Why not split the difference?

Mr. CLARK. If you could all agree on 25 cents we might be able to get together.

Mr. ROBERTS. We leave that subject in the hands of the committee, so far as I am concerned. I would be glad, if the committee please, to have Mr. Avery address you.

Mr. RANDELL. You say the wages in Nova Scotia are less than here?

Mr. ROBERTS. I understand they are.

Mr. RANDELL. What is your source of information?

Mr. ROBERTS. Other members of the committee have told me so. There are other members of the committee who have more intimate knowledge of the details of the business than I have, although I am interested in the business.

Mr. RANDELL. What is your information in regard to the amount of wages paid in Nova Scotia?

Mr. ROBERTS. The statement made before the Dingley committee gives the rate of wages at about 50 cents a day in Nova Scotia.

Mr. RANDELL. That was nearly twelve years ago?

Mr. ROBERTS. Yes, sir; nearly twelve years ago. I understand that a similar disparity exists to-day.

Mr. RANDELL. Can you give the figures on that?

Mr. ROBERTS. No; I have not them at hand. I think it is an accepted fact that wages throughout eastern and lower Canada and in those colonies are very much lower than they are in the United States.

There is a constant movement of labor into the United States from those colonies because the higher wages attract them.

Mr. RANDELL. Are not the laborers who mine this gypsum in Nova Scotia paid \$1.75 a day.

Mr. ROBERTS. I am not aware of that being true.

Mr. RANDELL. What do you pay your employees?

Mr. ROBERTS. That is about what we pay in this country.

Mr. RANDELL. Are not the rates in both places from \$1.50 to \$1.75?

Mr. ROBERTS. As I say, I do not claim to be able to speak definitely of the wages paid in Nova Scotia, but my information is that they are very considerably less than in this country.

If the committee would like to ask any further questions as to the details of the industry, Mr. Avery would be glad to answer them. I would be glad to have the questions asked. He is an active manufacturer.

Mr. UNDERWOOD. Mr. Roberts desires to have Mr. Avery called.

Mr. ROBERTS. In fact, we would like to have each member of our committee allowed to speak.

The CHAIRMAN. We can call each one if it is deemed desirable, but I understood that Mr. Roberts represented all of those people.

Mr. ROBERTS. Yes; this statement is signed by them all, but we would be glad if each member of our committee could be allowed a few minutes.

The CHAIRMAN. We will hear Mr. Avery.

STATEMENT OF MR. S. L. AVERY, OF CHICAGO, ILL.

Mr. AVERY. Mr. Chairman, the question has been put about the requested \$1 tariff being prohibitive. It is not prohibitive. Fifty cents has permitted the foreign importations to practically double since the tariff was put on. That demonstrates what effect it has on the growth of that industry.

There has come up the question of the quality of the two gypsums. and the claim has been made and always made that Nova Scotia gypsum is vastly superior to that found or manufactured in the United States. There is some slight warrant for such a claim. A great deal of the gypsum, and, in fact, most of the gypsum found in Nova Scotia is of medium grade, about the same grade as that found in the United States. But there is discovered there a very white material, and that quality of whiteness is important in one or two unimportant classes of the gypsum trade. It has always been a strong point with the importers in these tariff discussions that the quality rendered the native gypsum not competitive, and that the tariff would be a menace to the consumer, who would have to buy the imported article in any case. That is strictly contrary to the fact. The gypsum business is practically the wall plaster business. and for wall plaster purposes Nova Scotia gypsum is not as good as the gypsum found in the State of New York. That is a positive fact, and it can be determined by anyone familiar or even unfamiliar with this subject.

It has been stated that this building did not use Nova Scotia. and the question, Why not? was answered by Mr. Roberts. The one thing he did not state was that the New York or Virginia gypsum will make a better wall than this or any other building. It has been dem-

onstrated by the fact that the Pennsylvania Station here is plastered with New York gypsum, and we refer any member of the committee to a careful inspection of that work. The quality of gypsum from Nova Scotia that is superior is perhaps serviceable in the United States for 5 per cent of the business of the importer. Mr. Roberts has covered generally the arguments which we wish to advance in favor of a tariff of \$1, and his suggestion of my presence or annoyance here is, I believe, due to the fact that I, being actively interested in the manufacture of gypsum, might be able to answer partially some of the questions that might be submitted, which I shall be very glad to do so far as I can.

Mr. UNDERWOOD. The freight rates give you exclusive control of the American market a certain distance away from the American seaboard now, do they not?

Mr. AVERY. A certain distance from the American seaboard?

Mr. UNDERWOOD. Yes.

Mr. AVERY. The Nova Scotian article would not interfere with the Colorado business.

Mr. UNDERWOOD. I mean, how far can the Nova Scotia gypsum penetrate the country away from the seaboard in competition with the American gypsum?

Mr. AVERY. It does now penetrate to the points reached by the Erie Canal and the Great Lakes, and it is sold in competition with the product of the Kansas properties, which, in my estimation, produce a better product than Nova Scotia sends to this country.

Mr. UNDERWOOD. Where would it compete with the Kansas product?

Mr. AVERY. In Cincinnati, Detroit, Cleveland, Chicago, and Buffalo. There is a very large warehouse in Buffalo.

Mr. UNDERWOOD. What is the freight rate for the transportation of this gypsum 100 miles?

Mr. AVERY. I could not tell you, sir. It varies considerably. If you should select your 100 miles I might tell you.

Mr. UNDERWOOD. Is it not something like a uniform rate?

Mr. AVERY. It is too indefinite to answer that.

Mr. UNDERWOOD. What would it be for 800 miles? How about that?

Mr. AVERY. I can give you a rate from Oakfield, N. Y., which has been mentioned.

Mr. UNDERWOOD. That is what distance?

Mr. AVERY. From Buffalo to New York the distance is 400 miles.

Mr. UNDERWOOD. That is \$2?

Mr. AVERY. Yes; from Oakfield to Pittsburg, which is practically the distance from Buffalo to Pittsburg, it is about \$1.80 or \$2.

Mr. UNDERWOOD. That makes it a rate of something like 50 cents per 100 miles?

Mr. AVERY. That particular rate would figure out in that way.

Mr. CLARK. How much would it cost the Nova Scotia man to get his product from Nova Scotia to Buffalo?

Mr. AVERY. That is all transportation by water, and that is a variable thing, sir; but that distance should cost about 80 cents.

Mr. CLARK. There are six or seven months in the year when they can not have inland water transportation?

Mr. AVERY. It is of no consequence, for the reason that they can ship it down in the open navigation season and store it.

Mr. CLARK. How much would it cost?

Mr. AVERY. About 80 or 90 cents a ton.

Mr. CLARK. Then you want a dollar on top of that? That would give you \$1.80 protection, would it not?

Mr. AVERY. No, sir.

Mr. CLARK. Why would it not?

Mr. AVERY. Because we have also to bring our gypsum to those markets and pay a higher freight.

Mr. CLARK. I understood the factory you speak of was 40 miles from Buffalo?

Mr. AVERY. Yes; but they take the Erie Canal, and their gypsum is carried practically as ballast.

Mr. CLARK. Ballast in what?

Mr. AVERY. Ballast is not exactly the proper term. Coming back from the East to the West there is very little freight moving to the West. With the boats coming from the Lakes east to the coast, the freight east is very much more than that.

Mr. CLARK. How much is the freight from your factory to Buffalo?

Mr. AVERY. Fifty cents a ton.

Mr. CLARK. And you want a prohibitive tariff on plaster?

Mr. AVERY. No, sir. I do not want that.

Mr. CLARK. That is what it would be.

Mr. AVERY. I think not.

Mr. LONGWORTH. What is gypsum worth?

Mr. AVERY. Its selling price at the present time in the crude, as it comes from the mine, loaded on the car, is \$1.50 a ton.

Mr. LONGWORTH. Then \$1 duty a ton would be about 90 per cent ad valorem?

Mr. AVERY. That is a question of mathematics.

Mr. LONGWORTH. One hundred and two per cent ad valorem?

Mr. AVERY. The duty is on a long ton.

Mr. CLARK. Do you undertake to say that stuff on the car, as they dig it out of the ground, would cost \$1.90 a ton?

Mr. AVERY. I did not say that. I said the selling price on the car was, perhaps, \$1.50 a ton, the country over.

Mr. CLARK. Is that the manufactured or the crude?

Mr. AVERY. The crude rock that you have passed through a crusher.

Mr. CLARK. Gypsum is about as common and cheap as ordinary limestone, is it not?

Mr. AVERY. No, sir. On the contrary it is not so. That was one of Mr. Robert's statements that I would like to qualify.

Mr. CLARK. Then he did not know what he was talking about?

Mr. AVERY. He mis-spoke himself. [Laughter.]

Mr. CLARK. Some manufacturers who were here yesterday said that pottery clay was worth from 35 cents to 50 cents a ton. What is this worth down in the ground?

Mr. AVERY. In some places it has absolutely no value. At other places it is worth from 5 to 15 cents a ton. In other cases it is absolutely valueless.

Mr. CLARK. How much would it cost to blast it out and put it on the car?

Mr. AVERY. That depends on the place. In the State of New York we operate at a depth of some 60 feet a mine that has $4\frac{1}{2}$ feet of gypsum. It depends on how deep it is.

Mr. CLARK. It would not cost any more to blast that out and put it on the car than it would limestone rock?

Mr. AVERY. Yes, sir.

Mr. CLARK. Why is that? Is it harder to blast?

Mr. AVERY. Yes, sir. You take lime, and it being a stratified rock, it can be broken up and lifted with a steam shovel. It can be more easily handled.

Mr. CLARK. Do you think that is the way to handle limestone?

Mr. AVERY. I did not say that. I would not venture to express an opinion, because I am not a limeman.

Mr. CLARK. I guess you are not. [Laughter.] As a matter of fact, a real good article of ordinary lime that has a high cement quality in it is nearly as good for plastering purposes as this gypsum, is it not?

Mr. AVERY. No, sir; for a hundred reasons it is not, and that has been practically eliminated as a wall material.

Mr. CLARK. The reason it has been practically eliminated, if it has been, is that you gentlemen can make this gypsum so cheaply that it has driven the ordinary lime out of the market?

Mr. AVERY. No, sir. It has succeeded in every market in spite of the fact that lime is cheaper.

The CHAIRMAN. How much does this article lose in weight from the crude material to a ground or calcined material?

Mr. AVERY. The loss is 19 per cent of water. There is removed in calcination all but 5 per cent of that.

The CHAIRMAN. Is there any greater loss when made into pearl hardening for paper-makers' uses?

Mr. AVERY. We take no account of the loss for paper-making.

The CHAIRMAN. Is the water 19 per cent in weight?

Mr. AVERY. Yes, sir.

Mr. COCKRAN. You said that the selling price of this gypsum was \$1.50 a ton?

Mr. AVERY. Generally; yes, sir.

Mr. COCKRAN. What does that cost you, actually?

Mr. AVERY. It varies.

Mr. COCKRAN. On the average?

Mr. AVERY. Some of it perhaps 80 cents, and some of it costs more than \$1.50.

Mr. COCKRAN. You said some is sold at a loss?

Mr. AVERY. Yes. At the present market rates a good deal of gypsum produced is sold at a loss.

Mr. COCKRAN. What is the average cost to you of this article?

Mr. AVERY. I should say \$1 a ton would be a fair cost; perhaps a little higher.

Mr. COCKRAN. Then you make 50 per cent as a profit?

Mr. AVERY. No, sir. In that I am not including anything but the mere labor and the taxes and insurance, the actual cost of cutting it out. I am not putting in sales expenses and overhead charges.

Mr. COCKRAN. We want everything included; otherwise the answer gives no light to us.

Mr. AVERY. I beg your pardon; I might have known that. Our figures show it the other way. I should say 30 per cent above that cost which I gave you would be correct.

Mr. COCKRAN. Then you would have a profit of from 20 to 25 per cent?

Mr. AVERY. Yes, sir; we are making a profit.

Mr. COCKRAN. Don't you think you ought to be satisfied with that?

Mr. AVERY. I do not think that is an accepted commercial idea. [Laughter.]

Mr. COCKRAN. I suppose the real, genuine commercial idea is never to be satisfied with anything. That is very proper, but don't you think that the ordinary commercial enterprise that is making from 25 to 30 per cent is the fit subject of congratulation and envy, rather than of sympathy? [Laughter.]

Mr. AVERY. Yes, sir; but it does not apply to the gypsum industry. [Laughter.]

Mr. COCKRAN. That I understand, of course. It always applies to somebody else's industry. [Laughter.]

Mr. AVERY. I should be delighted to feel that any concern in the room is making as much as 30 per cent. I do not believe there are more than two or three concerns out of perhaps a hundred who are paying dividends in the gypsum industry.

Mr. COCKRAN. If they are paying dividends, they are still entitled to congratulations.

Mr. AVERY. At the present time we are paying a dividend, and I am giving you the prices.

Mr. COCKRAN. So far as you are testifying now, you are testifying as to very prosperous conditions?

Mr. AVERY. No, sir. I have had both kinds of experience. One kind is paying dividends, and the other kind is not.

Mr. COCKRAN. But one is historical, and the other is an experience, as I understand from you?

Mr. AVERY. Yes, sir. [Laughter.]

STATEMENT OF MR. CLAUDE N. BENNETT, OF WASHINGTON, D. C.

Mr. BENNETT. Mr. Chairman, I represent the William C. Norcross Company and Berry & Ferguson, dealers in building materials in Boston. They present a request for a reduction of the duty on manufactured gypsum from \$2.25 to at least \$1.75 a ton. I just ask leave to present that request.

The CHAIRMAN. You present a brief?

Mr. BENNETT. Yes, sir; this is it.

BOSTON, MASS., November 18, 1908.

HON. SERENO E. PAYNE.

Chairman Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR: As dealers in building materials in the city of Boston, we would urge upon your attention the desirability of reducing to at least \$1.75 per ton the duty on manufactured gypsum, which duty is now \$2.25 per ton. This existing duty has seriously limited the sale of imported Canadian plaster in Boston, Philadelphia, and Washington, which we believe to be the only three American cities

to which it is now sent. Formerly shipments were made all along the coast. We would call especial attention to the condition of business in our own city of Boston, where we are, of course, familiar with the conditions.

Before the existing tariff went into effect the larger part of the plaster which came to the Boston market was brought in from Canada. At the present time, with the exception of a comparatively small amount, plaster made in the United States has been substituted. During the present year the importations of Canadian plaster into Boston were 4,545 barrels, while in 1896 there were 16,000 barrels, and the tendency has been toward a continual shrinkage. There is no question that the policy of protection has here been carried to an extreme and that the consumers are suffering as a consequence.

We again enter our request that the rate of duty be lowered to not exceed \$1.75 per ton.

Respectfully submitted.

WILLIAM C. NORCROSS COMPANY,
By W. C. NORCROSS, *President*.
BERRY & FERGUSON.

Importations, 1894, 12,000 barrels; 1895, 10,000 barrels.

The CHAIRMAN. You are not engaged, Mr. Bennett, practically in the business?

Mr. BENNETT. No, sir. I was just asked to present that request.

The CHAIRMAN. Very well.

STATEMENT OF MR. S. A. WALKER, OF ST. LOUIS, MO.

Mr. WALKER. Mr. Chairman and gentlemen, I just want to state a few facts that Mr. Avery has missed, in my judgment. We have mills in California, Wyoming, Texas, Oklahoma, and Michigan, and we think we have as good gypsum as there is anywhere in the world, just as white and just as pure, and we meet these people from New York down on the Atlantic seaboard—at Charleston, Savannah, and Jacksonville—and our quality is just as good as theirs. We are handicapped by the freight rates, of course, they being on the seaboard and we being inland, and we need this protection of 50 cents a ton.

I came here twelve years ago, and at that time we had one little bit of a mill and a little business. To-day we have eight mills, and we cover a large amount of territory, and this protection has helped us.

There has been something said here about the loss in shipping in this gypsum. You have got to leave 5 per cent of the water of crystallization in the gypsum, and the tariff is on a long ton. In New York State I think there were but 3 producers of gypsum in 1897. To-day you have 28, and a good many of them are just producing it from the mines. I think there are 8 mills, and the balance are just mines. Three hundred thousand pounds of it is used in the Portland cement manufacture, and I think we should have this dollar a

ton to enable us to increase our business still further, to build factories here, and in that way increase the revenue of the country.

Mr. UNDERWOOD. You think the industry has been so exceedingly prosperous in the last few years that Congress ought to reward your prosperity by doubling the tariff? [Laughter.]

Mr. WALKER. I think if you will take the record and look at it in 1897, when we did not have any protection at all, and had a little business of 226,000 tons, and see what 50 cents a ton has done for us—and we have an output to-day of 1,700,000 tons, and the imports have doubled also—I think you will consider that is a pretty good argument—

Mr. LONGWORTH. For doubling it?

Mr. DALZELL. In favor of the present tariff?

Mr. WALKER. I mean in favor of the present tariff.

Mr. LONGWORTH. You ask to have it doubled.

Mr. WALKER. I knew a man once who said, "When you want your rights, ask double your rights, and if refused, then fall back on your rights." [Laughter.]

Mr. CLARK. Oh, that is it. [Laughter.]

Mr. WALKER. We do not want them to ship in 450,000 tons of stuff a year.

Mr. CLARK. Your mills are out in California and Wyoming and Michigan and Oklahoma and Texas?

Mr. WALKER. Yes, sir.

Mr. CLARK. Why don't you stay in your territory and let the New Yorkers stay in their territory? Then you would not have these great freight rates to the seaboard.

Mr. WALKER. But we have a right to do business everywhere.

Mr. CLARK. Yes; but you have not the right to ask Congress to hire you to do business.

Mr. WALKER. Twelve years ago there were 2 mills in California, 1 at Palmdale that used native rock, and 1 at a point in southern California, and to-day there are 11 mills in California.

Mr. CLARK. How many mills did you have in 1897 making this material?

Mr. WALKER. Two?

Mr. CLARK. How many mills have you now?

Mr. WALKER. Eight.

Mr. CLARK. How much did it cost you to build those mills?

Mr. WALKER. About \$1,000,000.

Mr. CLARK. How much per cent have you been making?

Mr. WALKER. About 15 per cent a year.

Mr. CLARK. Don't you think that is enough?

Mr. WALKER. No, sir; I do not. [Laughter.]

Mr. CLARK. You want all you can get Congress to give you?

Mr. WALKER. I do not want Congress to give me anything. We want to be allowed to build up plants in this country and develop the country. We get a protection of 50 cents a ton, but I did not get it; the United States got it. [Laughter.]

Mr. CLARK. Do you believe that an average business in the United States makes a 15 per cent dividend?

Mr. WALKER. I think an average business, well managed, makes more than that.

Mr. CLARK. Do you know of any manufacturing business in the United States that is paying? [Laughter.]

Mr. WALKER. Yes; I know a great many that are paying.

Mr. CLARK. I wish you would name some. Every man who comes in here says he is not making any money. [Laughter.]

Mr. WALKER. Some are and some are not. We have not made any money in the last year. We have been in a fight, but ordinarily we expect to make money, and we are in the business and want to stay here.

Mr. CLARK. Last year was the worst year in ten, was it not?

Mr. WALKER. Yes, sir.

Mr. CLARK. And you pick that out as a basis on which to ask Congress for relief, as the year you want to give the figures on, to induce Congress to make this tariff prohibitive?

Mr. WALKER. I did not.

Mr. CLARK. Would not \$1 a ton be prohibitive?

Mr. WALKER. No, sir; it would not. They bring their loads down in foreign bottoms to New York at 7 and 8 cents a hundred.

Mr. LONGWORTH. That would be prohibitive—\$1.50?

Mr. WALKER. I think about \$3 a ton would be prohibitive. [Laughter.] You gentlemen all laugh at that. I am telling you the truth, but you do not know it. That is the trouble.

Mr. DALZELL. That is what you asked for when this Dingley bill was made—\$3 a ton?

Mr. WALKER. Yes; and they agreed to give it to me in the Senate, but the House would not give me a cent, and if in the end they had not done it we would not be here to-day, gentlemen. I was here twelve years ago, I say, and told you what I would like to do and you threw me a little sop.

Mr. DALZELL. And you have done well?

Mr. WALKER. Yes; and I would like to do still better. [Laughter.]

Mr. COCKRAN. You said a moment ago that you were engaged in a fight?

Mr. WALKER. Yes; all over the country.

Mr. COCKRAN. What character of a fight?

Mr. WALKER. A commercial fight.

Mr. COCKRAN. With whom?

Mr. WALKER. With everybody that you see in the room here. [Laughter.]

Mr. LESSLER. No; it is the United States Gypsum Company. It is a trust.

Mr. WALKER. I am now selling stuff at \$2 a ton manufactured, losing about \$1 a ton on it.

Mr. COCKRAN. Why are you suffering that loss?

Mr. WALKER. On account of competition.

Mr. COCKRAN. With whom?

Mr. WALKER. I have a list of them. There are 112 of them.

Mr. COCKRAN. Obviously you can not continue that very long without getting broke.

Mr. WALKER. I hope not. I hope it will stop.

Mr. COCKRAN. Can you tell me the object of this fight?

Mr. WALKER. It is a case of the survival of the fittest. [Laughter.]

Mr. COCKRAN. Is it preliminary to the formation of a combination to reduce the number of competitors?

Mr. WALKER. There is too much importation. If we had less importation we would all have the business we want.

Mr. COCKRAN. You say there are too many in the business now?

Mr. WALKER. Yes.

Mr. COCKRAN. And you are proceeding with these drastic measures so as to reduce the number of competitors?

Mr. WALKER. No, sir. We would be willing, understand, to sell our goods for a profit, but we happen to be a concern that turns out from 20,000 to 30,000 tons a month, and some little man over in Oklahoma or up in Iowa or in North Dakota or South Dakota proceeds to start a little mill, and by cutting the price shoots it into us. [Laughter.]

Mr. COCKRAN. And you think this little fellow who starts a little mill in Oklahoma or Iowa or North Dakota or South Dakota ought to be suppressed?

Mr. WALKER. No, sir. That is an inland proposition. We are not interested in that here.

Mr. COCKRAN. Yes; but before we fix the tariff we ought to have clear conceptions of the condition. I understood you to say that if some little fellow sprang up in Oklahoma or Texas or some other place it was necessary to suppress him.

Mr. WALKER. I did not say that. I beg your pardon. Let me tell you what I said. Say I am selling plaster in Oklahoma at \$3 or \$3.50 at the mill, and some man with a little engine and boiler comes down—it only takes \$5,000 or \$10,000 to start a mill—and he starts a mill and offers plaster for sale at \$2.50 a ton. Do you suppose I am going to stand it? I will have to fight back.

Mr. COCKRAN. How do you fight back?

Mr. WALKER. I sell it at \$2.40 a ton.

Mr. COCKRAN. That is the fight you are describing? Is that the kind of fight you are carrying on now—selling at a loss?

Mr. WALKER. We are competing with each other. You do not want to stop competition, do you? You do not want us to form a trust, do you? They alleged twelve years ago that we were going to form a trust and put the price up. To-day the prices are lower than they have ever been.

Mr. COCKRAN. I am afraid you are stumbling quite unconsciously toward that very situation.

Mr. WALKER. I will settle your fears and sell you some stock in one of these companies. [Laughter.]

Mr. COCKRAN. I think you would have to strike my fears and my money at the same time. [Laughter.]

Mr. WALKER. I think you would stay out of the business.

The CHAIRMAN. That is all.

Mr. CLARK. Is any of your stock that is making 15 per cent for sale?

Mr. WALKER. You mean in our company?

Mr. CLARK. I mean in your company or anybody else's company.

Mr. WALKER. I think next year we ought to make 15 per cent. [Laughter.]

Mr. CLARK. If you have got any stock that is guaranteed to make 15 per cent I would like to have some.

Mr. WALKER. I would like to know who is doing the guaranteeing. [Laughter.]

The CHAIRMAN. Do you want your brief printed?

Mr. WALKER. I have not got a brief. I did not get half through.

Mr. ROBERTS. I would like, Mr. Chairman, very much if Senator Henley, of Kansas, could be heard for a few moments.

The CHAIRMAN. Of course the committee will be glad to hear him, although it means sitting up to 12 o'clock to-night. I think we already have all the facts on this question very fully.

STATEMENT OF MR. A. HENLEY, OF LAWRENCE, KANS.

Mr. HENLEY. Very briefly, Mr. Chairman and gentlemen. I have a few words written out here, but I will just make one or two points.

In the first place, one is as to the quality of American gypsum as compared with the Nova Scotia gypsum. We claim that we have in Kansas and also in Oklahoma as good a quality of gypsum as there is in the world. There is none better. It is particularly suitable for the finer uses that gypsum plaster is put to, especially as to molding and statuary and dental work and all the finer uses. It is as good as any Nova Scotia article that comes into this market.

We are unable at the present time to put our product into any of these eastern cities. If we attempt it, the imported article lowers it to such an extent that we can not do it.

The CHAIRMAN. Is that all?

Mr. HENLEY. No, sir. The tariff, as you know, is only 50 cents a gross ton, or 2½ cents a hundred pounds. It is really no protection whatever to this industry. It does not amount to anything for this industry, as I look at it.

Mr. CLARK. Senator, you can make plaster of Paris in Kansas as cheaply as anywhere on earth?

Mr. HENLEY. I believe we can.

Mr. CLARK. Then why do you want this protection?

Mr. HENLEY. We can not get into this eastern market and compete with their prices. We can only supply a certain territory immediately around our mills.

Mr. CLARK. Now you have command of the Mississippi Valley, have you not? You can absolutely command the market in the Mississippi Valley with this article, can you not?

Mr. HENLEY. Not our mills alone, but the mills in that territory, I think, can in the interior, not near the coast.

Mr. CLARK. Then why don't you confine yourselves to your own territories as a business proposition and let the New York people have their territory, and in that way avoid these enormous freight rates?

Mr. HENLEY. As has been stated here, the production of plaster is very much beyond the amount required for consumption. We believe that there is more imported material comes in than there should be. We do not want a prohibitive tariff, but we claim that \$1 a ton is not prohibitive at all.

Mr. CLARK. It would be mighty close to it.

Mr. HENLEY. Not at all.

Mr. CLARK. Where are your mills located?

Mr. HENLEY. In Texas, Oklahoma, and Kansas.

Mr. CLARK. Whereabouts in Kansas?

Mr. HENLEY. At Blue Rapids, Kans., and Longford, Kans. Blue Rapids is in Mr. Calderhead's district, and I believe Longford is also.

Mr. CLARK. Where is your Oklahoma mill?

Mr. HENLEY. At Watonga. There is a very fine quality of rock there.

Mr. CLARK. Gypsum rock is as generally distributed an article as limestone in the western country?

Mr. HENLEY. Not in quality; but the quantity is practically inexhaustible.

Mr. CLARK. It does not cost anything more to mine this, does it?

Mr. HENLEY. The mining is only a portion of the cost.

Mr. CLARK. It does not cost any more to make this finished product of gypsum than to make a really good article of lime, does it?

Mr. HENLEY. Oh, yes; much more than lime.

Mr. RANDELL. If you used to get \$1 a ton tariff, would not that enable you not only to put your product on the Atlantic coast, but would it not give the producers in combination in the Mississippi Valley the opportunity of placing it at \$1 higher to the consumer there, without any chance to the people to get away from that price?

Mr. HENLEY. I do not think it would advance the price at all.

Mr. RANDELL. Have they not a complete monopoly on gypsum and cement in the Mississippi Valley?

Mr. HENLEY. Not at all.

Mr. RANDELL. Is it not generally understood that there is a cement trust?

Mr. HENLEY. I do not know anything about the cement trust. We do not call our plaster cement. It is a cement plaster, but it is not Portland cement.

Mr. RANDELL. At any rate, the dealers in this article would have opportunity, if they desired to use it, to charge these people in the Mississippi Valley a dollar a ton more than they would without the tariff. Would not that be the effect?

Mr. HENLEY. Not at all. There are fifty different producers that could supply material in that Mississippi Valley.

Mr. RANDELL. Have they not combined?

Mr. HENLEY. Not at all.

Mr. RANDELL. Is not a combination going on?

Mr. HENLEY. Not a particle, not a bit.

Mr. RANDELL. Has not the price risen in the last three or four years?

Mr. HENLEY. Is it cheaper than ever before.

Mr. RANDELL. In that section?

Mr. HENLEY. In all sections of the United States.

Mr. RANDELL. Do you know the figures yourself?

Mr. HENLEY. I do. I am closely connected with the operation of the business.

Mr. RANDELL. Do you know what the price is in north Texas?

Mr. HENLEY. We have a mill at Acme, Tex. The mill price is \$2.50 a ton.

Mr. RANDELL. What is it east of that?

Mr. HENLEY. I do not know what the actual price is. There is no mill 200 miles east of Acme. We have nothing to do with the retail price.

Mr. RANDELL. I did not ask you the price of manufacture, but the price at which it is sold to the people.

Mr. HENLEY. I am telling you the price at which it is sold at the Acme, Tex., mill.

Mr. RANDELL. Do you dispute that it has been raised to the Texas consumer?

Mr. HENLEY. The price has lowered one-half.

Mr. RANDELL. The retail price?

Mr. HENLEY. I do not know anything about the retail price. Different people sell at whatever they have a mind to.

Mr. GAINES. Senator, may I ask you a question?

Mr. HENLEY. Yes, sir.

Mr. GAINES. What is the present selling price at the mills in Texas, say?

Mr. HENLEY. Two dollars and fifty cents a ton.

Mr. HILL. Is it the same in Iowa?

Mr. HENLEY. Yes; about the same.

Mr. GAINES. How is the manufacture handled?

Mr. HENLEY. It is sold to dealers in the different towns.

Mr. GAINES. How much wall surface will a ton plaster?

Mr. HENLEY. I should say about 200 yards to the ton.

Mr. GAINES. How much of it would it take to plaster a wall surface of an ordinary room 16 feet square?

Mr. DALZELL. How high?

Mr. GAINES. Well, take any height; say, 10 feet.

Mr. HENLEY. Somebody would have to figure that out. I have not got those figures in my head.

Mr. LESSLER. It would take just about a ton, excluding doors, Mr. Gaines, when mixed in the proper proportion. If the entire tariff, or the amount equal to the tariff, were added to the amount of the domestic article, it would be about 50 cents additional for such a room; perhaps between 50 and 75 cents of increased cost to the person who ultimately pays the bill. Is that correct or not?

Mr. HENLEY. If the tariff were increased 50 cents a ton I see no reason why the price of plaster should be increased a particle.

Mr. GAINES. I perhaps agree with you, but I do not know about that. My question is how much would the added cost of plastering a room be with this article, conceding for the sake of the argument that the price of the article is increased to the entire extent of the tariff on the foreign article?

Mr. AVERY. On an ordinary room, if the consumer pays the tax, the difference would be \$1. About two tons of plaster will ordinarily cover the ceiling of an ordinary 10-room house.

Mr. GAINES. Now I want to ask this question: If the price is larger or smaller or the same as it was when the tariff was put on the article?

Mr. HENLEY. It is now much less.

Mr. GAINES. In the meantime, has the domestic production largely increased?

Mr. HENLEY. It has very much increased. Ten years ago it was practically in its infancy. The use of gypsum for wall plaster was practically in its infancy ten years ago.

Mr. AVERY. Three hundred thousand tons were used at the time of the adoption of the tariff, and now 1,800,000 tons are used.

Mr. HILL. You say, Senator, that it will not increase the price, but that you want it to get into the eastern markets. How will you get into the eastern markets if you do not increase the price?

Mr. HENLEY. We have noticed that whenever we tried to get into New York and the larger cities of the East, where the finer class of

gypsum are most largely used, the imported article is always put down just a little bit, so that we are cut out.

Mr. HILL. And you want to increase the price of that imported article so as to give you a chance to get into the eastern market?

Mr. HENLEY. Yes. We believe that the price would not be increased materially.

Mr. HILL. Then how will it help you one particle?

Mr. HENLEY. It would stop them practically from putting down the price, and the revenue, as was suggested a while ago, would be double, instead of decreasing.

Mr. CALDERHEAD. You mean they would make a temporary reduction of the price or a permanent reduction?

Mr. HENLEY. Temporary, until they got us out, then they would put it up again.

Mr. Harry Nobles, of New York, appeared.

The CHAIRMAN. Are you one of these gentlemen that Mr. Roberts appeared for?

Mr. NOBLES. Partially, but I wish to say in behalf of the gentlemen we represent that we would like to have the privilege of filing a brief.

The CHAIRMAN. You will have the privilege at any time before the 4th day of December.

Mr. LESSLER. Mr. Chairman—

The CHAIRMAN. Do you want to say a word?

ADDITIONAL STATEMENT OF MR. MONTAGUE LESSLER, OF NEW YORK.

Mr. LESSLER. Yes; just a word. I want to remind you, gentlemen, that we pay in our six concerns around New York, there, \$800,000 a year to the laboring men to make this gypsum. We have exercised care in order that the fine stuff, to the man who wants the fine stuff, shall be on the market; and yet these men come here and say we are to be deprived of the things we have asked for and striven for, and of the improvements we have made in the industry.

The history of this whole proposition affecting gypsum is a matter of twenty years. The lime that Mr. Clark spoke of you will remember, when the buildings used to go up and the plasterer would stand in the street with his puddle. The only proposition affecting this gypsum is a question of hardening, and our gypsum, when carefully made, to a man who understands building is the stuff he wants. That is why it is in here, in this building, which is a good building.

I want to call your attention to another proposition on which there is a mistaken notion. Mr. Avery spoke of landing in Buffalo our gypsum, the imported gypsum. It costs \$1.50 a ton from Nova Scotia. In Nova Scotia it costs \$1.17 a ton. We pay to the Nova Scotia laborer as much as the domestic laborer gets in the quarry or mine. When we finish our product, after paying the duty, we lose the amount represented by the water that has been spoken of. When our product, representing \$1.50 cost to us, wants to get to Buffalo, we have to pay that expense over again.

The CHAIRMAN. If you have anything further to say, Mr. Lessler, you can file a brief, and it will be printed in the record, and we can read it. We can not listen to men two or three times on the same matter.

STATEMENT OF MR. CLARENCE W. DEKNIGHT, OF WASHINGTON, D. C., COUNSEL FOR THE ASSOCIATION OF AMERICAN PORTLAND CEMENT MANUFACTURERS.

Mr. DEKNIGHT. Mr. Chairman and gentlemen, I appear, in company with Mr. Robert W. Lesley, a manufacturer of Philadelphia, on behalf of the American Portland Cement Manufacturers' Association. All that they ask is the retention of the present duty on cement. That duty to-day is 8 cents per hundred pounds in barrels or packages, and 7 cents per hundred pounds in bags or in bulk.

This duty has been in existence for the past twenty years, and during that period the price of cement has fallen in the United States from \$3 per barrel to 90 cents per barrel. The industry is a national one. It extends from New York to Alabama, and from Texas to Oregon.

The CHAIRMAN. We import about 5 per cent of the cement used here?

Mr. DEKNIGHT. Yes, sir.

The CHAIRMAN. Is there any difference in the grade between what we import and that produced in this country?

Mr. DEKNIGHT. No, sir. The grade is about the same.

The CHAIRMAN. Where does it come from?

Mr. DEKNIGHT. It comes from England, Belgium, and Holland.

Mr. UNDERWOOD. What is your proposition?

Mr. DEKNIGHT. The proposition is simply to continue the duty. This is the same duty that was in the Wilson bill and has been in existence for the past twenty years.

Mr. UNDERWOOD. It is strictly a revenue duty?

Mr. DEKNIGHT. It is strictly a revenue duty; yes, sir. The revenue derived from it is about \$640,000 a year.

The CHAIRMAN. If no one else appears on that schedule, will you be content to file your brief?

Mr. DEKNIGHT. Yes, sir; and if there are any questions you desire to ask, I will be glad to answer.

The CHAIRMAN. Very well.

(Mr. DeKnight filed the following brief:)

ARGUMENT ON BEHALF OF THE ASSOCIATION OF AMERICAN PORTLAND CEMENT MANUFACTURERS.

SCHEDULE B.—*Earths, earthenware, and glassware.*

Paragraph 89: Cement, lime, and plaster: Roman, Portland, and other hydraulic cement, in barrels, sacks, or other packages, eight cents per hundred pounds, including weight of barrel or package; in bulk, seven cents per hundred pounds; other cement, twenty per centum ad valorem.

Your petitioner.

The Association of American Portland Cement Manufacturers, which is a voluntary association for the dissemination of information in connection with the uses of Portland cement and which represents in its membership nearly 90 per cent of the output of the United States,

presents the following argument in support of the retention of the present rate of duty on Portland cement:

History of the duty.

In connection with the duty on Portland cement, it will be noted in the paragraph above quoted that the rate of duty upon cement not enumerated is on the basis of 20 per cent, and the following table, showing the importations, the values, the duty collected, and the rate of duty in percentages, shows the average percentage of duty upon Portland cement for the last five years to have been about 24 per cent:

Cement tariff statistics, 1903-1907.

Official statistics.			Calculated results.	
Calendar year.	Pounds imported.	Value.	Total duty collected.	Per cent.
1903.....	927,180,235	\$3,027,111	\$741,744.18	24.4
1904.....	418,561,431	1,882,913	334,849.14	24.2
1905.....	338,630,739	1,102,041	270,904.59	24.5
1906.....	882,284,907	2,950,208	705,827.97	23.8
1907.....	802,491,371	2,637,424	641,993.10	24.3

By reference to the tariff commission of 1886, to the proposed Mills bill, to the Wilson bill, and to the McKinley and Dingley bills, it will be noted that the duty on cement has been considered more as a revenue than as a protective duty, and that in all the period referred to the rate has been practically maintained at or near 20 per cent ad valorem, thus indicating that in the minds of those who had to do with the preparation of tariff bills in the past twenty-odd years the duty on cement was considered reasonable and proper, and one which had as its basic reasons its fairness, its moderation, and its revenue-raising powers. In considering the question of the duty on Portland cement, it is respectfully urged that

This industry is a national one.

In this connection, by a reference to the "Cement industry in the United States in 1907," Department of the Interior, United States Geological Survey, prepared by Mr. Edwin C. Eckel, it will be noted that there were in existence during the past year cement works in Illinois, Indiana, Kansas, Michigan, New Jersey, New York, Ohio, Pennsylvania, Alabama, Georgia, Virginia, West Virginia, Arizona, Colorado, South Dakota, Texas, Utah, California, Washington, Kentucky, and Missouri. In addition to this, in the same report, in referring to the occurrence of raw materials for cement making, it is shown that the materials for the manufacture of Portland cement can be found in every State and Territory of the Union. This table illustrates clearly the national character of the industry and the fact that in asking for its preservation and maintenance in its present condition no geographical lines nor geographical interests are making the request, but a national association of practically all the manufacturers of the United States representing an industry capable of development in every State and Territory of the Union.

In view of the consideration shown at the hands of your honorable committee, it would seem necessary to show the operations of the Dingley Act, in connection with the present rate of duty as tested under reasonable economic conditions, fair to both producer and consumer. Therefore, the arguments are grouped under several heads as follows, showing the operation of the present law:

- (a) The growth of the American cement industry.
- (b) The reduction of prices to the consumer.
- (c) The continuous importation of foreign cements.
- (d) The labor conditions in the cement industry.
- (e) The general benefits to the country.
- (f) No "trust" in the cement industry.

The growth of the American cement industry.

The following table shows the growth of the American Portland cement industry since the passage of the Dingley bill, together with the value of the production in dollars. These figures are from the reports of the United States Geological Survey.

Year.	Barrels.	Value.	Year.	Barrels.	Value.
1897.....	2,677,775	\$4,315,811	1903.....	22,342,978	\$27,718,319
1898.....	3,662,284	5,970,773	1904.....	26,505,881	23,355,119
1899.....	5,652,236	8,074,371	1905.....	35,246,812	33,245,867
1900.....	8,482,020	9,280,525	1906.....	46,463,424	52,463,186
1901.....	12,711,225	12,532,360	1907.....	48,785,380	53,992,561
1902.....	17,230,644	20,834,078			

The reduction of prices to the consumer.

The appended table showing the average prices of Portland cement, as gathered by the United States Geological Survey from 1870 to 1907, is most instructive and shows that since the year 1890 the price has been practically cut in half. Since the year 1897, the date of the passage of the Dingley bill, the price has fallen about one-third, or from \$1.61 to \$1.11 per barrel, and if the present year's figures were taken the price would be considerably below \$1:

Average prices of Portland Cement, 1870-1907.

Year.	Average price.	Year.	Average price.
1870-1890.....	\$3.00	1896.....	\$1.57
1881.....	2.50	1897 (year of Dingley bill).....	1.61
1882.....	2.01	1898.....	1.62
1883.....	2.15	1899.....	1.43
1884.....	2.10	1900.....	1.09
1885-1888.....	1.95	1901.....	.99
1889.....	1.67	1902.....	1.21
1890.....	2.09	1903.....	1.24
1891.....	2.13	1904.....	.88
1892.....	2.11	1905.....	.96
1893.....	1.91	1906.....	1.13
1894.....	1.73	1907.....	1.11
1895.....	1.60	1908 (estimated).....	.90

The continuous importation of foreign cement.

That the duty under the present tariff is not excessive and has not had the effect of restricting imports is shown in the following table compiled from the reports of the United States Geological Survey.

It will be noted that the imports for the year 1897 were 2,090,924 barrels, while in 1907 they were 2,033,463 barrels, or practically the same.

Imports of foreign cements, 1897-1907.

Year.	Barrels.	Year.	Barrels.
1897.....	2,090,924	1903.....	*2,251,966
1898.....	1,152,661	1904.....	*928,404
1899.....	*2,103,388	1905.....	*886,841
1900.....	*2,386,683	1906.....	*2,273,436
1901.....	*939,330	1907.....	*2,033,463
1902.....	*1,963,028		

* Imports for consumption. All other years, figures given are for total imports.

Labor conditions in the cement industry.

For the information of the committee, the process of manufacturing Portland cement should be briefly explained. Limestones and clays, argillaceous limestone, marls, and clays or other similar argillaceous or calcareous materials are mined or quarried and transported to heavy crushing and grinding machinery, where under the process most commonly in use (the dry process) they are ground to powder of a fineness so great as to practically pass a 100-mesh sieve. This fine powder is subsequently fed into rotary kilns from 60 to 150 feet in length where it is calcined to incipient vitrification by means of pulverized coal, gas, or oil flames entering the kiln at the opposite end to that in which the powder is fed. The material which is thrown from the kiln is in the shape of small nodules of great hardness and is called Portland-cement clinker. This clinker is again crushed and ground in various forms of iron ball or tube mills to a fineness of from 90 to 95 per cent on a 100-mesh sieve. It is then put into bags or barrels and is the Portland cement of commerce. To produce a single barrel of Portland cement very nearly 1,100 pounds of material have to be ground, of which between 600 and 700 pounds is the raw material from which the carbonic-acid gas is expelled in the kiln, and 380 pounds is the Portland cement of commerce. In addition to this, nearly 200 pounds of coal have to be ground to an equal fineness for the calcination and production of every barrel of cement.

From the above statement it should need no argument to convince this committee that the manufacture of Portland cement is essentially a labor proposition. It is labor in the quarry, labor in the raw material, labor in the coal-grinding plant, labor in the finishing mill, and labor in the packhouse, and what is not actual labor in and around a cement mill is practically labor in coal, which represents so large a proportion of the weight of the finished product—in point of fact, nearly 50 per cent thereof.

For the most part the labor in and around cement mills is ordinary day labor, and compares with the labor in and about the manufacture

of pig iron. It averages, so far as ordinary day labor is concerned, from \$1.40 to \$2 per day, according to the section of the country where the mill is located. The higher-priced mechanics get from \$3 to \$5 per day, according to ability.

Comparisons of labor cost in this country and in Europe have been repeatedly made, and as a broad proposition it can be safely stated the labor cost in Europe is on an average from 30 to 40 per cent less than the labor cost per barrel of Portland cement in the United States. Coal, on the other hand, is cheaper here than abroad.

The labor employed in the Portland cement industry is scattered all over the country, there being nearly one hundred works in operation in almost every State of the Union, and any action your committee will take to destroy so important an industry as this by any radical reduction in duty will affect labor conditions seriously in many States of the Union, especially in the State of Pennsylvania, where a large proportion of the Portland cement of the country is made. This is also the case in the State of Kansas, which is another large producer, and in some of the Southern States, where the industry is just beginning to find a foothold. The late Senator Morgan, a representative Democrat and advocate of the principles of tariff revision, took strong ground in the recent argument before the Panama Canal Commission upon the use of American Portland cement for that important work, to argue for the development of that industry in Alabama, Georgia, and other Southern States and to impress upon his associates on the Panama Canal Committee the importance of the industry to labor in his and other Southern States.

The general benefits to the country.

A reference to almost any scientific magazine, an examination of almost any newspaper, will show the growth of the American Portland cement industry under the present law and the development of many new uses of cement. From the erection of the skyscraper of from 15 to 20 stories in height, constructed entirely of concrete, to the building of the small house of the workingman as projected by Mr. Thomas A. Edison, concrete is finding a field of the greatest value and use to the American public. Apart from its permanent character its fire-resisting qualities make it the ideal building material. In sanitary qualities and in its economical virtues in reducing fire risk concrete is becoming recognized as the building material of the future. Not only, however, is this material coming into use in the matter of dwellings and office buildings, but also for factory construction, the building of railway stations, the fabrication of silos, grain elevators, and other work, such as telegraph poles, railway ties, etc. In addition, it has found many uses of great value for both farmer and manufacturer. While the fence post, the hitching post, the motor foundation, the silo, the pigsty on the farm, owe their permanence and strength to concrete, so also the ornamental garden seat, the decorated pergola, the font in the public and private gardens and parks have the same origin. Necessity certainly was the mother of invention when, with the rapidly approaching failure of the lumber supply of the United States, as indicated by the forestry reports, the development of this great Portland-cement industry was made possible by the laws that have governed the importation of foreign cements.

Thus, by the introduction and development of the uses for this new building material, the deforestation of the United States has possibly been postponed for many years.

In concluding this branch of the argument it may be stated that the American cement industry is also finding foreign markets. The consumption of the country, as shown by the following table of production, imports and exports, covering the last five years, indicates clearly that the industry so far as the world's markets are concerned is not being stifled:

Apparent annual consumption of Portland cement.

[Showing production, imports, and exports.]

	1902.	1903.	1904.	1905.	1906.	1907.
	<i>Barrels.</i>	<i>Barrels.</i>	<i>Barrels.</i>	<i>Barrels.</i>	<i>Barrels.</i>	<i>Barrels.</i>
Domestic production-----	17,230,844	22,342,978	26,505,881	35,248,812	48,463,424	48,795,300
Imports-----	1,963,023	2,251,909	968,410	806,845	2,273,493	2,083,408
Total available supply	19,198,667	24,594,942	27,474,291	36,143,657	48,736,917	50,818,708
Exports-----	340,821	285,483	774,940	897,686	563,299	900,530
Apparent consumption	18,852,846	24,309,479	26,699,351	35,245,971	48,153,618	49,918,178

The danger of admitting foreign cement at any reduced duty is a danger to prosperity. In times of world panics America is made the dumping ground of Portland cement by European nations, and this is particularly the case, in view of the fact that Portland cement forms one of the most important articles of ballast for foreign vessels coming to this country for cargoes of the products of the soil. The points of heaviest imports of foreign cement are Charleston, Savannah, Pensacola, Mobile, New Orleans, and Galveston, where foreign vessels come for outbound cotton cargoes. The same applies to the Pacific coast, where not only Belgian, German, and English cements come in as ballast in vessels coming for grain cargoes, but also Chinese and Japanese cement made by the cheap labor of the Orient; and all this in face of the fact that within a few miles of San Francisco there are two cement works in actual existence, and which have been struggling of late years to meet foreign competition.

No "trust" in the cement industry.

In conclusion, it is but fair to say to the committee that there is no trust in the Portland-cement industry, and the course of prices during the year 1908 indicates this very clearly. The best reason for this is stated by Mr. Edwin C. Eckel in his report on the cement industry for 1906, Department of the Interior, United States Geological Survey, where, on page 11, he states:

Perhaps the most marked feature of American economic history during the last decade has been the manner in which industry after industry has become consolidated in control, so as to approach more or less closely to monopoly. This has been particularly well marked in the iron and steel industries, and it is worth considering how far a similar evolution is likely to affect the cement industry. At present the cement industry is the most individualistic of the larger branches of manufacture. No "trust," nor even any approach to a monopoly, is now in existence, newspaper statements to the contrary notwithstanding; and, in the writer's opinion, the nature of the cement industry renders it

impossible that any such large degree of consolidation of interest can take place as to result in permanently or unfairly high prices for the product.

When the history of both successful and unsuccessful "trusts" is examined, it will be seen that the only way in which a permanent monopoly can be secured and retained by any consolidation is by the control of the supply of raw material, by the absolute control of basic patents, or by the control of transportation. Any trust which disregards this history and is content with simply consolidating all or most of the existing manufacturing plants is in line for disaster, for supplies of raw materials being still available for outsiders, the first advance in prices will be the signal for the erection of competitive plants. If, on the other hand, the raw materials can be cornered, or processes can be monopolized, or transportation can be controlled, there is no possibility of competition. This experience, though unobserved or disregarded a decade ago, is now generally borne in mind.

The bearing of these facts upon the future of the cement industry is obvious enough. If there is any possibility that one large cement corporation can acquire control of most of the available deposits of cement material in the United States, it will be possible to form a real American "cement trust," to defy competition and to raise prices to an unwarranted level. If, on the other hand, it is impossible to form such a corner in cement rock or in cement making processes, or permanently to control transportation, it will be impossible for any consolidation to raise prices permanently above the normal.

On careful consideration of the matter, it will be seen that only one answer is possible. It is safe to say that more than 20 per cent of the entire area of the United States is underlain by raw materials out of which cement could be made if prices were forced high enough. The Standard Oil Company, the United States Steel Corporation, and the United States Government could not, by combining their financial resources, hope to acquire control of any large fraction of this immense reserve of raw material.

Since the supply of limestone and clay can not be cornered, since no essential parts of the processes of manufacture are covered by exclusive patents, and since transportation companies will seek freight, it is reasonable to believe that no cement combination can succeed in permanently raising prices to unfair rates. As already stated, there is nothing in existence at present even remotely approaching a cement trust. The trouble is rather in the other direction. The prosperity of the last few years, with reports of enormous profits earned by existing companies, has led to the building of many new cement plants. A fair proportion of these are either too small, badly located, faulty in design, or badly managed; and with the first general business depression and the commencement of falling prices such plants will necessarily become a danger to the entire industry. The condition at present is therefore marked by excess rather than lack of competition.

In his report for 1907, the same expert refers to patent litigation in the business and also to some groupings of works in various parts of the country as indicating a slightly more concentrated ownership, but these few groups are very insignificant in comparison with the large number of plants producing cement in this country.

In conclusion, we respectfully ask the retention of the present rate of duty.

The CHAIRMAN. We will now take up the subject of glass. We will hear first those who desire a reduction of the duty.

STATEMENT OF MR. F. J. GOERTNER, OF NEW YORK, N. Y.

MR. GOERTNER. Mr. Chairman and gentlemen, I represent a number of New York, Philadelphia, and Boston importers, and, with two or three exceptions, all of them use the plate glass as raw material for the manufacture of plate glass and are consumers in that sense.

I want to say before I start that, while we recommend a reduction of the duty, we are not bigots on that subject. We simply say that the present tariff, which was enacted under the conditions of twenty

years ago, is excessive beyond all reason, and we would ask for nothing better than to have the subject gone over by a public accountant and a new tariff drawn, based on the difference between the cost of production here and abroad, which can be clearly ascertained from the records of production in that industry.

Now, shall I go on and read or shall I cut it short?

Mr. DALZELL. Do you cover all kinds of glass?

Mr. GOERTNER. Plate glass, window glass, and rough-rolled glass.

Mr. CLARK. Are you talking about all plate glass or only the smaller size?

Mr. GOERTNER. All plate glass.

Mr. CLARK. We want to understand as to that.

Mr. GOERTNER. We say the cost is now 16 cents at Antwerp. The duty is 10 cents, and the freight is about a cent. The duty figured on the ad valorem basis is 63 per cent. The cost of the French glass landed in New York is 27 cents. The present American selling price that everybody is paying at the moment is a little over 14 cents. The 25 to 50 foot bracket, the foreign cost is 20 cents and a little over, at 35 cents. All those figures are on the ad valorem basis, 163 per cent on the foreign cost. The cost of French glass laid down in New York is 58 cents per square foot, and is selling at the American factory for 28 cents, and a trifle over, the whole proposition being that we have far and away more protection than there is any necessity for to cover that. They have charged here at times for this same 58-cent glass that they now charge 28 cents for, as high as 46 cents, and at another time as high as 49½ cents. Of course, the statement will be made that those are panic prices, but the fact remains that the companies are running at full speed; they have not shut down for a moment, and have taken contracts away into next spring; and when they get together the next time they will see another 46-cent price ahead. On sheet glass the proposition is similar, the glass in some cases selling for less than the foreign cost, and in other cases less than the duty on window glass on the kind most commonly used, the ordinary sort entering into the construction of buildings. The specific duties figured out on an ad valorem basis run from a minimum of 89 per cent to a maximum of 148 per cent.

Mr. CLARK. That is on ordinary window glass?

Mr. GOERTNER. Yes.

Mr. CLARK. What suggestions have you to make as to the practical part of this thing?

Mr. GOERTNER. We have a schedule of duties that we suggest here, and it practically amounts to cutting the present duties in half.

Mr. CLARK. All along the line?

Mr. GOERTNER. All along the line.

Mr. CLARK. That is, on plate glass, common glass, and all sorts of glass?

Mr. GOERTNER. All along the line, there being but a slight difference in some of them.

Mr. POW. What effect would that have upon the revenues which the Government receives from imported glass?

Mr. GOERTNER. That is rather difficult to say. There might be a little more imported simply by reason—most of the glass that is imported is imported for special reasons. The present tariff is prohibitory so far as ordinary building glass is concerned.

Mr. POE. I see that the Government received \$1,045,000 in 1907.

Mr. GOERTNER. The glass now imported is imported because it is specially suitable for the purposes. It is not really in direct competition with American glass. Most of the glass now imported is manufactured of mirror plates. The cheapening of raw material might stimulate consumption, while on the other hand it might be counterbalanced by the slightly lower duties. That is something that is very difficult to say.

Mr. DALZELL. How many plate-glass companies are there now operating in this country?

Mr. GOERTNER. Ten or twelve.

Mr. DALZELL. They are independent of each other, are they?

Mr. GOERTNER. Well, I do not know that the existence of a combination could be officially proven, but practically they work in concert.

Mr. DALZELL. How do you know that?

Mr. GOERTNER. Well, up to about a year ago they used to send—two years ago—quotations were sent out signed generally by all of the American plate-glass concerns.

Mr. DALZELL. Because there is a market price upon plate glass, then you infer that there is a combination?

Mr. GOERTNER. The fact that the quotations were absolutely identical from all the concerns. In former years a general circular letter was issued: "Withdrawing all previous quotations, we beg to quote as follows:" The prices would follow, and they would be signed in order, from the Allegheny Plate Glass Company down.

Mr. DALZELL. When was that?

Mr. GOERTNER. Two years ago—I am not certain about the date.

Mr. DALZELL. Could you not get a little closer than two years ago?

Mr. GOERTNER. I will file a circular with the committee to-morrow giving that information.

Mr. DALZELL. When was this 46-cent rate?

Mr. GOERTNER. The prices were in June, 1906.

Mr. DALZELL. On what particular grade of glass?

Mr. GOERTNER. On glazing quality, plate glass.

Mr. DALZELL. What sizes; not all of it the same size?

Mr. GOERTNER. Twenty-five to 50 foot. Yes; that was in June, 1906. And the 49½-cent price is of February 23, 1903.

Mr. DALZELL. Can you give us any figures as to the cost of production of plate glass abroad and the cost of production here?

Mr. GOERTNER. Generally stated, the difference is generally accepted among the trade—

Mr. DALZELL. I am not asking what the trade accepts, but I am asking you if you have any personal knowledge of the cost of production abroad and the cost of production here?

Mr. GOERTNER. No, sir; I have not.

Mr. DALZELL. You do not know anything about it?

Mr. GOERTNER. Not of my own personal knowledge.

Mr. DALZELL. Do you know anything about the freight rates?

Mr. GOERTNER. Yes.

Mr. DALZELL. And the freight rates at home; how do they compare?

Mr. GOERTNER. The American manufacturer has an advantage in the Middle West. He is about on even terms along the Atlantic sea-

board, and probably at a slight disadvantage right at the seaports that have direct water communication with Antwerp.

Mr. DALZELL. Do not freight rates prevail from abroad to inland places in the United States where the combination of water and inland tariff is less than the inland tariff between two inland places?

Mr. GOERTNER. It all depends upon—

Mr. DALZELL. I will ask you this: Is the freight from Antwerp to Chicago less than the freight rate on the same article from New York to Chicago?

Mr. GOERTNER. No, sir. I am not familiar with sheet-glass rates than I am with plate, but they bear uniform relation to each other. The rate to Chicago at the moment is 33 cents in carloads via New Orleans.

Mr. DALZELL. Without any reference to particular places, do you deny any such discrimination?

Mr. GOERTNER. Any such discrimination? The freight is a little less than the combination of the ocean and rail rates, but it is not reduced to the extent as to make it less than the railroad rate alone. That was the case in some former years, but not lately.

Mr. NEEDHAM. What reduction do you ask for?

Mr. GOERTNER. We propose a schedule on plate glass, sizes not exceeding 16 by 24, 4 cents per square foot; sizes exceeding 16 by 24 and not exceeding 24 by 30, 5 cents per square foot.

Mr. DALZELL. You would not make any discrimination between the reduction of duties on smaller sizes and larger sizes?

Mr. GOERTNER. No, sir.

Mr. DALZELL. But cut it right in two, right straight through?

Mr. GOERTNER. This is not quite cut in two. Sizes exceeding 24 by 30, and not exceeding 24 by 60, 12 cents per square foot. The present duty is 12½ cents. Sizes exceeding 24 by 60, 20 cents per square foot.

Mr. CLARK. If this tariff is cut in two, as you suggest, will the man who builds houses get any advantage or not?

Mr. GOERTNER. They would at times, but he would not at the moment.

Mr. CLARK. Why would he not get it at the moment?

Mr. GOERTNER. Because that class of plate glass is now selling for less than the duty on it. It was even selling for 8 cents a foot more than the maximum duty.

Mr. CLARK. If they undertook to get back to the 46-cent rate, the consumer would get the benefit?

Mr. GOERTNER. They could not get back to that.

Mr. CLARK. How much would he get of this divvy? What per cent?

Mr. GOERTNER. The per cent is difficult to say.

Mr. CLARK. Now, suppose a case. The 46-cent rate, according to your statement, as I gather it, seems to be about the usual rate at which they hold it?

Mr. GOERTNER. No; that was an exceptional rate. The highest rate.

Mr. CLARK. What would be the usual rate that it would be held at under this tariff?

Mr. GOERTNER. The reduction of duty is 15 cents. It is a little difficult—

Mr. CLARK. Oh, I only wanted to know in a general way. I do not expect you to know exactly.

Mr. GOERTNER. The imposition of the 20-cent rate would prevent the American factories from exacting a rate higher than 42 cents at the outside.

Mr. CLARK. Well, would the wholesaler, the jobber, and the middleman manage to appropriate all of that difference, or would the man who builds the house get some advantage from it?

Mr. GOERTNER. The man who builds the house would most distinctly get the advantage.

Mr. CLARK. Now, the real fact about this plate-glass business is a fight between the big sizes and the little sizes?

Mr. GOERTNER. I would not describe it as that.

Mr. CLARK. Well, the American plate-glass manufacturer does not make as much profit upon the big sizes as he does upon the little ones, does he?

Mr. GOERTNER. I should say that they made more profit, on the whole, on large sizes. They seem to be more anxious to sell them.

Mr. CLARK. The reason I ask you that is, that I have received several letters from people who make mirrors, and such things as that, and they speak particularly about the small sizes.

Mr. GOERTNER. The small sizes are mostly used in the manufacture of mirror plates.

Mr. CLARK. I understand that; they would not take a piece of glass as big as a window and make a mirror out of it ordinarily.

Mr. DALZELL. What do you say plate glass is selling for now?

Mr. GOERTNER. Well, it is running from 11.4 cents for 2 foot 8 to 32.3 cents for the 120-foot glass. I will say, Mr. Dalzell, that I am quite aware that that is not the present asking price, but practically no one has paid the new prices issued about two weeks ago. Those are the actual costs that have been enforced since March 12.

Mr. UNDERWOOD. What would you have to say of a uniform rate of 25 cents per foot levied on all glass?

Mr. GOERTNER. I should object very strongly to it.

Mr. POE. You would object strongly, did you say?

Mr. GOERTNER. Yes, sir.

Mr. UNDERWOOD. Would that amount be an increase or a reduction from the general schedule?

Mr. GOERTNER. A very substantial increase.

Mr. UNDERWOOD. What do you say to the question of levying a uniform duty on all glass per foot?

Mr. GOERTNER. No; because the cost of production of all sizes is not the same. A 25-cent-a-foot duty, as I figure it, would be an ad valorem duty of 250 per cent ordinarily on the small size.

Mr. UNDERWOOD. And that would be prohibitory?

Mr. GOERTNER. Absolutely.

Mr. UNDERWOOD. You think that the present way the schedule is arranged is better than fixing a certain rate at so much per foot?

Mr. GOERTNER. Absolutely; it is in accordance with the custom of the trade all over the world, and for a good reason: The claim is very often made that each square foot of plate glass costs as much to produce as the next; that is, that the manufacturer adds together all cost of production, divides it by the total number of feet produced, and calls that an average. As a matter of fact, the average cost runs

all the way up from a little over the cost of the polishing to the extreme cost on the large sizes. The whole point is that plate glass is a very big manufacturing proposition. It is almost a raw-material business. A man does not know very much more when he starts to manufacture plate glass, as to what quality he is going to get, than the farmer knows when he plants his seed. It depends a good deal upon fortune. And at the same time he does not find out what quality he has got until he has spent a good deal of manufacturing cost, and I will give you some figures here by way of illustration. We will say that the manufacturer casts ten sheets of glass each 10 feet square, making a thousand feet nearly. The total cost of production of those ten sheets, if they all turned out perfect, would be, say, \$240, at 24 cents a foot. That would have included administrative expense, the interest on the investment, fuel, packing, material, and labor, the labor of milling, and everything of that sort. Now, up to the polishing process all of that thousand feet has paid exactly the same cost, which we will call, for the sake of argument, 18 cents a foot. After the casting is completed it is discovered that two sheets have defects in them, that they are not perfect, although by cutting through these defects it will be possible to get small sheets that are perfect.

Now, I contend that as the manufacture of those smaller sheets really saves the manufacturer money, yet that the cost of those sheets is really the cost of polishing and nothing else, because the manufacturer has not spent all of the money up to that point. He can either polish the glass at an expenditure of 6 cents a foot, or throw it away. Taking the exact figures for that, a thousand square feet—that is, the original ten sheets, at 18 cents—that cost, up to the polishing process, is \$180. Then the polishing of 800 feet, at 6 cents per foot, gives another \$48. That is \$228. The question now arises whether the manufacturer is to go on and polish the last 200 feet or not. Suppose he would still have had a reduction in price amounting to 12 cents per foot, in order to dispose of that—that, on that 200 feet, is \$24. The cost, however, of polishing those 200 feet is only \$12—

Mr. UNDERWOOD. He makes a net profit on what otherwise he would have to throw away?

Mr. GOERTNER. Exactly.

Mr. UNDERWOOD. And therefore the rate on the small glass should not be as great as on the large glass?

Mr. GOERTNER. Absolutely not. All over the world glass has always been charged on that basis, and price lists have been made up in that way.

Mr. UNDERWOOD. You are an importer?

Mr. GOERTNER. An importer; yes, sir.

Mr. UNDERWOOD. You are familiar with freight rates?

Mr. GOERTNER. Fairly so.

Mr. UNDERWOOD. What are the freight rates from Antwerp to New York?

Mr. GOERTNER. About 15 shillings. On plate glass it is about 17 shillings a cubic ton. That figures out about 18 cents a hundred pounds.

Mr. UNDERWOOD. Does the marine insurance amount to anything?

Mr. GOERTNER. Very trifling; I think about three-eighths of 1 per cent.

Mr. UNDERWOOD. The railroad freight rate on plate glass in the United States, as compared to other things, is high, is it not?

Mr. GOERTNER. Plate glass is from first to third class freight.

Mr. UNDERWOOD. About what does it average a hundred miles?

Mr. GOERTNER. That is something that I have never gone into; and I could not even make a guess.

Mr. UNDERWOOD. Do you know what the rate is from New York to Buffalo?

Mr. GOERTNER. Twenty-four cents in carload lots and 35 cents in less than carloads.

Mr. UNDERWOOD. Twenty-four cents would be the wholesale rate, then?

Mr. GOERTNER. Yes, sir. It is a pretty good-sized wholesaler that ever buys carloads at that.

Mr. UNDERWOOD. That is 24 cents a hundred pounds?

Mr. GOERTNER. I do not guarantee the accuracy of those rates, by any means. That is my recollection of the rate to Rochester; that one I happen to know.

Mr. UNDERWOOD. That is something like 6 and 9 cents per hundred miles to move it. Does that freight rate affect the foreign product going into western markets in competition with the western glass manufacturers?

Mr. GOERTNER. Almost to the extent that it does the domestic manufacturer, but, as I explained a moment ago, the through rate is a trifle less than the combined local ocean and rail rate. Take the Antwerp to Chicago rate on sheet glass. The same proposition applies to the plate, only with a little different figures. The ocean rate to New York is about 15 cents. The rate to Chicago is 40 cents, making a total of 55 cents; whereas the through rate from Antwerp to Chicago on a through bill of lading is 48 cents. There is a slight reduction in that way, but it is trifling.

Mr. DALZELL. Forty-eight and 55 cents.

Mr. GOERTNER. That is the way it works out.

Mr. UNDERWOOD. These glass manufacturers are located at different places in the United States. Are there zones in which the freight rates compel them to sell their product like coal and such material, or can they all come into each other's territory?

Mr. GOERTNER. In competition with each other, or a foreign manufacturer?

Mr. UNDERWOOD. With each other?

Mr. GOERTNER. Well, the question of competition of American plate-glass manufacturers with each other has not arisen. No one takes that into calculation. I do not know how it would work out.

Mr. UNDERWOOD. Then you consider that there is no competition between themselves?

Mr. GOERTNER. There is no real competition.

Mr. UNDERWOOD. Can you carry the foreign product into any market in the United States in competition with them, or does the freight rate prohibit you?

Mr. GOERTNER. Not only the freight rate, but the duty. We can never sell foreign plate glass. It is of a grade that is not manufactured. For all practical purposes it is not manufactured.

Mr. UNDERWOOD. You say that part of this duty is prohibitive on certain grades. On what grades of glass is it prohibitive?

Mr. GOERTNER. On ordinary grades for building purposes.

Mr. UNDERWOOD. Describe it thoroughly.

Mr. GOERTNER. Generally speaking, for sheets for glazing.

Mr. DALZELL. What sizes? •

Mr. GOERTNER. All sizes from 2 feet 8 inches up to 120 square feet.

Mr. UNDERWOOD. I do not understand your answer. Will you describe what you say is prohibitive, what classes of glass?

Mr. GOERTNER. Nearly all the plate glass manufactured in the United States is sold as what is called starch sheets of glazing quality. That is the glass just as it runs from the polishing table. There is a standard of quality, but it is not selected for size in the least. If the light happens to run 16 by 21, or 16 by 42, or 102 by 111, you get it just as it comes.

Mr. UNDERWOOD. Is that the ordinary glass that the average house builder will put in the windows?

Mr. GOERTNER. Whatever plate glass is used.

Mr. UNDERWOOD. On that you say it is prohibitive?

Mr. GOERTNER. Absolutely.

Mr. UNDERWOOD. What classes of glass can and do come in under this?

Mr. GOERTNER. Good qualities for the manufacture of mirror plates. Some fine glass for carriage builders, and that size.

Mr. UNDERWOOD. Can you describe to the reporter the distinction, technically, between those two classes of glass, so that the committee can technically distinguish it?

Mr. GOERTNER. It could not be described to anybody, Mr. Underwood. I could not describe it to another man in the trade. You can only point it out when the two classes are in front of them. It is the most intangible proposition in the world. It is a matter of judgment.

Mr. DALZELL. Take the sizes not exceeding 16 by 24 inches. Are there importers of that size to any extent?

Mr. GOERTNER. I should say there were more in the next bracket.

Mr. DALZELL. But I am not asking about the next bracket.

Mr. GOERTNER. There is some glass 16 by 24 imported.

Mr. DALZELL. Large or small importations? What would you say they were last year, for instance?

Mr. GOERTNER. I could not divide it into brackets.

Mr. DALZELL. You could not?

Mr. GOERTNER. No.

Mr. DALZELL. Well, the next bracket, not exceeding 24 by 30 inches; what about the importations in that bracket?

Mr. GOERTNER. Mr. Dalzell, the total importations to the United States last year are given as 3,600,000 square feet, and a trifle over.

Mr. DALZELL. All the brackets?

Mr. GOERTNER. Of all brackets together.

Mr. DALZELL. The importations in the bracket not exceeding 16 by 24 inches are 1,207,000 square feet, and the 16 by 24 and not exceeding 24 by 30, 4,597,000 square feet.

Mr. GOERTNER. What year is that?

Mr. DALZELL. 1907.

Mr. GOERTNER. I have my statement here from the organ of the glass trade.

Mr. DALZELL. This is from the report of the Bureau of Statistics.

Mr. GOERTNER. This is from this week's National Glass Budget,

the Saturday's issue. It gives the importations for the fiscal year ending June 30, 1908, as 3,667,000 square feet.

Mr. UNDERWOOD. Mr. Dalzell is reading the statistics for the year ending June 30, 1907, and you are reading for the year ending June 30, 1908, a year later.

Mr. GOERTNER. The importations for 1907 were 6,727,000 square feet.

Mr. DALZELL. That is for all kinds of plate glass?

Mr. GOERTNER. Yes, sir.

The CHAIRMAN. Nineteen hundred and seven, of course, was the year of the depression, and not so much plate glass was consumed or imported.

Mr. GOERTNER. Nineteen hundred and six was the banner year.

The CHAIRMAN. The year ending June 30, 1907, was under normal conditions. It would not be fair to compare 1907 with 1908.

Mr. DALZELL. Have you the figures for 1906?

Mr. GOERTNER. The year ending June 30, 1906, was the biggest year the country has ever known in the importation of plate glass since 1888. There were several millions of feet imported. In 1907 there were 6,600,000 feet. In 1904 it dropped to 4,917,000 feet; and the fact is that the figures of importation represent, roughly speaking, the glass that the American plate-glass factories are unable to supply. It takes the form of small glass. There is really more business in this country in a prosperous year than the manufacturing facilities can take care of, and the varying importation is caused by the amounts of excess. There is no stock on hand, and there is no such thing as overproduction.

The CHAIRMAN. Are there any other gentlemen in favor of the reduction of duty, and who desire to advocate that side?

Mr. GOERTNER. Excuse me for just one moment, but will you kindly have the proposed schedule of duties on sheet glass read, Mr. Chairman?

The CHAIRMAN. If you desire to advocate a reduction, we would like to hear that.

Mr. GOERTNER. We recommend the adoption of the following schedule on unpolished cylinder, crown, and common window glass:

	Cents per pound.
Sizes not exceeding 10 by 15.....	$\frac{3}{4}$
Sizes exceeding 10 by 15 and not exceeding 16 by 24.....	1
Sizes exceeding 16 by 24 and not exceeding 24 by 30.....	$1\frac{1}{4}$
Sizes exceeding 24 by 30 and not exceeding 24 by 36.....	$1\frac{1}{2}$
Sizes exceeding 24 by 36.....	$1\frac{3}{4}$

We propose in addition to that that both that schedule and the one proposed for polished plate shall be subject to proper provisions, that in no case shall the specific duty exceed the amount equal to the ad valorem duty of 50 per cent. On the others we make no specific recommendation.

(The witness filed the following paper with the committee:)

NEW YORK, November 21, 1908.

To the Committee on Ways and Means of the House of Representatives, Washington, D. C.

GENTLEMEN: The importers and consumers of glass of European manufacture beg to submit the following facts in reference to paragraphs 101 to 107, inclusive, of the tariff act of June 24, 1907.

Even in 1897 and for a considerable period before that date the rates imposed upon practically all varieties of glass were excessive. Under present conditions they are excessive to an inordinate degree; in fact, to a very great extent prohibitory.

Taking up the schedule for polished plate glass (paragraph 104) we beg to submit on sheet A attached hereto figures as to the relative selling prices of the domestic and the foreign product. The figures used are average costs at the present time in both the foreign and the domestic glass and apply to the grade which constitutes fully 90 per cent of the total consumption.

The present duties figure out on an ad valorem basis as high as 198 per cent; and, furthermore, in the case of the small sizes not exceeding 5 square feet, where the specific duty, figured out on an ad valorem basis, is less than 100 per cent, the selling price of American polished plate glass is less than the cost of the foreign plate glass at the European shipping point without any duty being added at all.

In the sizes from 5 to 10 square feet the selling price of the American glass is just about equal to the duty alone on the foreign glass. On the sizes above 10 square feet the domestic glass to-day sells for less than the duty on the imported glass.

In our opinion these figures demonstrate that the present tariff is excessive beyond all reason and simply offers a premium for the formation of a monopoly to collect extortionate prices from the American consumer behind the shelter of the tariff wall.

As a matter of fact, such combinations among the domestic plate-glass manufacturers have been formed repeatedly. The last one broke up only in March of this year, with the result that prices—no longer artificially maintained at a high figure—fell 35 per cent overnight. If the present schedule is reenacted, history will repeat itself and, as in former years, American plate-glass prices will be fixed by a combination of the manufacturers at a figure a trifle below the cost of foreign glass with the duty added and remain there.

Again, the American plate-glass manufacturer probably needs no protection whatever. Skilled labor does not enter into the production of plate glass to any great extent, and the domestic manufacturers have the advantage of very much cheaper fuel and lumber and are on the whole rather better equipped with modern machinery than their foreign competitors. They themselves demonstrate that there is no need for excessive protection or for any protection whatever by the fact that they compete successfully with foreign manufacturers for Mexican business, and this in spite of the fact that the freight rates from the domestic factories to Mexican points are higher than from Europe.

The present tariff is an inheritance from thirty-five or forty years ago and is based upon what was then the cost of manufacturing American plate glass. We submit that under present conditions, with a schedule as follows:

Sizes not exceeding 16 by 24.....	4 cents per square foot
Sizes exceeding 16 by 24 and not exceeding 24 by 30....	5 cents per square foot.
Sizes exceeding 24 by 30 and not exceeding 24 by 60....	12 cents per square foot.
Sizes exceeding 24 by 60.....	20 cents per square foot.

together with the further condition that in no case the specific duty shall exceed an ad valorem duty of 50 per cent, ample protection will

be afforded to the manufacturer and at the same time the American consumers will also receive their protection against possible extortion, and, further, the government revenues will be somewhat increased.

The American consumers comprise not only the building trades, but a great variety of manufacturers who use plate glass in their finished product, for instance, furniture manufacturers, interior decorators, mirror manufacturers, builders of carriages, railway cars, and steamships, fixture manufacturers, show-case makers, and others too numerous to mention.

Taking up the duties on unpolished cylinder, crown, and common window glass (paragraph 101), which variety of glass is used in the cheapest structures in this country and is strictly a necessity of life, the present tariff affords almost an exact parallel to that on plate glass. In this, a cheaper article, in which an increased cost bears most hardly upon the poorer classes of our population, the present tariff will average about 100 per cent or more, figuring upon the ordinary window glass, which comprises by far the greater part of the total consumption.

We submit figures on memorandum B attached. Here again, as in plate glass, many sizes are selling currently on this side in American glass for less than the duty on the imported glass, and that such a prohibitory tariff as is now in force is absolutely unnecessary is obvious at a glance.

In fact, there is much less need for excessive protection on window glass than on almost any product of the United States. Fully half of the window glass consumed in this country, this half being something over 3,000,000 boxes of 50 feet each, has for the last five years been made by patented machinery under the exclusive control of one corporation, as a result of which the cost of labor in producing machine-made glass, as compared with hand-made glass such as is imported, is very small, no skilled workmen such as blowers, gatherers, or snappers being required.

Since window glass has been made by machinery in this country not only have the wages of blowers, gatherers, and snappers in the hand-producing factories been reduced by considerably over 50 per cent, but the selling price of all window glass has been dictated practically by the people in control of the machine product.

Knowledge of the exact cost of producing window glass by machine is naturally only known to the manufacturers, but these manufacturers themselves must acknowledge that they are not in need of governmental assistance.

We recommend the adoption of the following schedule on unpolished cylinder, crown, and common window glass:

Sizes not exceeding 10 by 15.....	¾ cent per pound.
Sizes exceeding 10 by 15 and not exceeding 16 by 24.....	1 cent per pound.
Sizes exceeding 16 by 24 and not exceeding 24 by 30.....	1½ cents per pound.
Sizes exceeding 24 by 30 and not exceeding 24 by 36.....	1½ cents per pound.
Sizes exceeding 24 by 36.....	1½ cents per pound.

together with a further provision, the same as in polished plate glass, that in no case shall the specific duty exceed an amount equal to an ad valorem duty of 50 per cent, and submit that such a schedule would still offer ample protection to the American manufacturer.

Regarding the duties on fluted, ribbed, rough, or rolled plate, etc. (paragraph 103), a very brief statement is sufficient:

	American manufacturers' selling prices.	Duty.
One-eighth inch thick.....	3 cents per square foot.....	3½ cents per square foot.
Three-sixteenths inch thick.....	4 cents per square foot.....	4½ cents per square foot.
One-fourth inch thick.....	5½ cents per square foot.....	6 cents per square foot.

This variety of glass is selling in European markets at prices not less than the American manufacturers' prices, and we submit, therefore, that a duty not exceeding one-half cent per square foot would be ample protection here also.

Regarding cylinder and crown glass polished (paragraph 102) this article is not made in the United States at all and never has been. The present rates of duty are not so inordinately excessive as in the other schedules, but are nevertheless based upon conditions of two decades ago and should be reduced as follows:

Sizes not exceeding 16 by 24.....	3 cents per square foot
Sizes exceeding 16 by 24 and not exceeding 24 by 30.....	4 cents per square foot
Sizes exceeding 24 by 30.....	10 cents per square foot

Regarding mirror plates (paragraph 105) the present schedule is based upon an additional protection of 3 cents per square foot above the protection accorded to plate glass. A revised schedule for this paragraph should follow the lines of the revised schedule which we propose on polished plate glass.

MEMORANDUM A.

Polished plate glass.

Sizes.	Foreign cost per square foot f.o.b. Antwerp.	Duty per square foot.	Duty equals percentage of glass value.	Cost foreign plate glass duty and freight paid to New York per square foot.	Average selling prices American polished plate glass.
			<i>Per cent.</i>		
Not exceeding 2 feet 8 inches.....	\$.0977	\$.08	82	\$.0877	\$.114
Exceeding 2 feet 8 inches, not exceeding 6 square feet.....	.1599	.10	63	.27	.142
Exceeding 6 square feet, not exceeding 7 square feet.....	.1599	.225	140	.386	.238
Exceeding 7 square feet, not exceeding 10 square feet.....	.1772	.225	127	.415	.238
Exceeding 10 square feet, not exceeding 12 square feet.....	.1772	.35	196	.541	.275
Exceeding 12 square feet, not exceeding 25 square feet.....	.1968	.35	178	.561	.275
Exceeding 25 square feet, not exceeding 50 square feet.....	.2141	.35	163	.579	.285
Exceeding 50 square feet, not exceeding 100 square feet.....	.2284	.35	153	.593	.285
Exceeding 100 square feet, not exceeding 120 square feet.....	.2532	.35	138	.618	.323

MEMORANDUM B.

Unpolished cylinder, crown, and common window glass.

SINGLE THICK.

Sizes.	Foreign cost per box of 50 feet.	Duty per box of 50 feet.	Duty equals percentage of foreign cost.	Cost, duty, and freight paid to New York.	Selling prices of American glass.
			<i>Per cent.</i>		
Not exceeding 10 by 15.	\$0.89	\$0.72	81	\$1.72	\$1.14
Exceeding 10 by 15, not exceeding 14 by 20.	.96	.98	108	2.04	1.30
Exceeding 14 by 20, not exceeding 16 by 24.	.96	.98	108	2.04	1.30
Exceeding 16 by 24, not exceeding 20 by 30.	1.23	1.24	101	2.58	1.82
Exceeding 20 by 30, not exceeding 24 by 36.	1.32	1.24	94	2.67	1.85
Exceeding 24 by 30, not exceeding 24 by 36.	1.32	1.50	114	2.98	1.40
Exceeding 24 by 36, not exceeding 30 by 40.	1.40	1.76	126	3.27	1.51
Exceeding 30 by 40, not exceeding 30 by 50.	1.63	2.02	122	3.66	1.78
Exceeding 30 by 50, not exceeding 30 by 54.	1.65	2.02	122	3.78	1.68
Exceeding 30 by 54.					

DOUBLE THICK.

Not exceeding 10 by 15.	\$1.24	\$1.10	89	\$2.49	\$1.51
Exceeding 10 by 15, not exceeding 14 by 20.	1.33	1.50	113	2.98	1.65
Exceeding 14 by 20, not exceeding 16 by 24.	1.33	1.50	113	2.98	1.77
Exceeding 16 by 24, not exceeding 20 by 30.	1.85	1.90	115	3.70	1.97
Exceeding 20 by 30, not exceeding 24 by 36.	1.78	1.90	107	3.83	1.99
Exceeding 24 by 30, not exceeding 24 by 36.	1.78	2.30	129	4.23	2.03
Exceeding 24 by 36, not exceeding 30 by 40.	1.91	2.70	141	4.76	2.17
Exceeding 30 by 40, not exceeding 30 by 54.	2.10	3.10	148	5.35	2.42
Exceeding 30 by 54, not exceeding 30 by 60.	2.28	3.10	135	5.54	2.87
Exceeding 30 by 60, not exceeding 30 by 64.	2.77	3.10	112	6.02	2.62
Exceeding 30 by 64, not exceeding 30 by 70.	3.24	3.10	96	6.50	2.66
Exceeding 30 by 70.	3.87	3.10	80	7.13	3.19

SEMON BACHE & Co.,
SEIGMOND J. BACH, *President*,

New York.

BOSTON PLATE AND WINDOW GLASS COMPANY,
By E. A. HILLS, *Director*,

Boston.

BENJAMIN GRIFFEN,
D. A. VANHORNE & Co.,
THEO. W. MORRIS Co.,
BENDIT, DRcy & Co.,
JACQUES KAHN;

New York.

JOHN LUCAS & Co.,
CASPAR W. BRIGGS,

Philadelphia.

SCHRENK & Co.,
JUL. J. GIBIAN, *Secretary*,

Hoboken.

The CHAIRMAN. Is there any other gentleman who desires to be heard on the question of the reduction of duty? If not, we will hear Mr. Clause.

STATEMENT OF MR. W. L. CLAUSE, OF PITTSBURG, PA., PRESIDENT OF THE PITTSBURG PLATE GLASS COMPANY.

Mr. CLAUSE. Mr. Chairman and gentlemen, we wish to call your attention to the imports of plate glass that have taken place under paragraph 104 of the Dingley tariff bill, which you will note have increased enormously, notwithstanding the fact that that bill made a slight increase in the rate on the first two brackets. The imports for the various years under this tariff have been as follows:

	Up to 16 by 24 (duty 8 cents).	Up to 24 by 30 (duty 10 cents).	Up to 24 by 60 (duty 22½ cents).	All over 24 by 60 (duty 35 cents).	Total.
	<i>Feet.</i>	<i>Feet.</i>	<i>Feet.</i>	<i>Feet.</i>	<i>Feet.</i>
1898.....	*22,049 25,408	*138,005 302,704	112,959	5,655	696,836
1899.....	74,704	385,096	404,674	60,738	925,212
1900.....	105,323	428,214	369,677	145,611	1,048,825
1901.....	312,782	1,475,244	705,309	724,724	3,238,059
1902.....	382,233	1,545,802	946,916	1,329,455	4,204,206
1903.....	651,729	3,294,124	1,191,173	1,162,112	6,299,138
1904.....	597,892	2,442,980	811,310	595,195	4,447,377
1905.....	682,597	4,323,639	792,579	265,142	6,044,257
1906.....	1,050,313	5,178,212	898,294	164,416	7,291,235
1907.....	1,207,576	4,577,050	741,947	180,913	6,707,496

* Duty 5 cents.

* Duty 8 cents.

Mr. NEEDHAM. I understood the last witness to say that the importations exist wholly of the character of glass not manufactured in this country.

Mr. CLAUSE. Well, I should hardly want to be responsible for some of the statements made by one of the last witnesses, and that is one of them I would not want to be responsible for. That is not a fact. The glass imported is not of a class, of a kind, made in this country.

The CHAIRMAN. I think the members of the committee will all find a copy of this brief upon their desks.

Mr. CLAUSE. The Wilson bill materially reduced the rates on the two highest brackets, and this was not restored.

You will note that the increase in imports did not become material until the year 1901. This is no doubt due to the fact that beginning with the year 1900 there has been almost a constant increase in the cost of production in this country, due to the advance in wages and the increased cost of materials entering into the product, which have greatly increased the cost of manufacture, and to the further fact that, beginning at about that time, the railroads in connection with some of the trans-Atlantic steamship lines began to issue through rates of freight from Antwerp to all of the inland points of consumption in the United States, which were very much less than were charged upon plate glass of domestic production. This competition became so acute that a plate-glass works located at Antwerp could have distributed its product in the United States at lower average freight rates than one located at Pittsburg. To be more specific, the rate of freight from Antwerp to Chicago was materially less than the rate from Pittsburg to Chicago. We repeatedly called the attention of the Interstate Commerce Commission to this condition, and finally brought action against the railroads, but the commission after long delay, rendered a decision to the effect that they were helpless to give

us relief in the matter. Just at the present moment the railroads have advanced the rates on imported glass, but they are in position to lower the rates again at any time that the movement of their empty equipment inland from the seaboard makes it expedient for them to do so. This action on the part of the railroads is in effect equivalent to a partial reduction in the tariff.

We wish especially to call your attention to the imports in the five-tenth-foot bracket, paying $22\frac{1}{2}$ cents per foot duty, which, you will note, have grown until they are about equal to the entire imports in all brackets in the years 1898 and 1899, and, in fact, in some years have surpassed them. This, it seems to us, is conclusive that a duty of $22\frac{1}{2}$ cents per foot is not sufficient to shut out imports.

How has the foreigner been able to pay $22\frac{1}{2}$ cents per foot duty and sell his glass in this market? Because it costs him half (or less) as much to build a factory, and when once built he operates it at one-third the rates of wages paid in this country.

In this connection we think it proper to reconsider the question as to whether the present tariff is drafted in such a way as to meet the necessities for protection and the principle laid down by the Republican platform. In the first place, let it be thoroughly understood that it costs just as much per square foot to make a small sheet as a large one. In other words, the cost of production of small sizes is just as great, proportionately, as it is of large, and, in fact, the losses in the works which surround the production of small sizes are in many respects greater than exist in the manufacture of larger sizes. The production of small sizes during the operation, prior to the time when the product reaches the warehouse, is largely contingent upon accidents, breakage, and poor results, rather than to design. It should also be thoroughly understood that the cost of production, both here and abroad, is figured and can be figured only as so much per foot, irrespective of size produced, and that a tariff, to be properly and uniformly protective, should be a flat rate per foot on all sizes, irrespective of dimension.

The German tariff, which is credited with having been made very carefully and after a scientific consideration of all the problems involved, abandoned the method of having a graduated scale and adopted a flat tariff, which they impose on all plate glass, irrespective of size. Austria and Spain have similar tariffs.

I believe the gentleman who preceded me stated that all tariffs were graded the same as that in force in this country. Italy and France still have tariffs based upon a scale of schedules in which, however, there is only a slight difference in the rate of duty, so that we think it should be recognized that the present schedules have been outgrown. The Republican platform had no thought of plate glass or any other individual American product; it laid down a broad principle, which fully meets—as all broad principles should—the conditions surrounding our industry, i. e., that the rate of duty should represent substantially the difference in cost between domestic and foreign production plus a reasonable margin of profit. There is no way to apply this principle to the plate-glass industry except by imposing a flat rate which shall apply to all plate glass, irrespective of size. The character of the imports that have taken place during the past eleven years very graphically illustrates the failure of the Dingley tariff to meet the principle laid down by the last Republican plat-

form. We are ready to have a reduction in the 35-cents-per-foot rate of duty if the principle of a flat rate be adopted. The imports show that at 8 cents and 10 cents per foot duty they have grown enormously during the life of the Dingley tariff, and that while the imports for the five-tenth-foot bracket, paying 22½ cents per foot duty, have not increased proportionately, our glass is still on a competitive basis with foreign glass at that rate, and that a new tariff imposing a flat rate of duty should, in no event, be less than 22½ cents per foot. In fact, to come up to the full measure of the principle laid down by the platform, it should be higher than that figure.

A flat rate of 22½ cents involves a large reduction in the duty on all glass from 10 to 250 square feet in area; it involves no change in the rate of duty on glass from 5 to 10 square feet in area, and asks for an advance only on glass under 5 square feet in area.

I wish to state now that glass is used up to 250 square feet in area, not up to 120 square feet in area, as the other gentleman stated.

Let us next understand that two-thirds of the glass consumed in this country is under 10 square feet in area, and, next, that on this two-thirds, taken as a whole, the American manufacturers have never made any money. While some of this glass required for special purposes yields a fair price, by far the greater part has been sold at an actual large loss, so that all the money made in the industry has been made out of the glass required over 10 square feet in area. This is relatively only a small part of the sales. No doubt there will be serious protest against our proposal from the consumers of small glass, but by what application of the square deal should they expect or demand that they should have their requirements supplied at a dead loss to the producer?

For the reasons above given the profits of plate-glass manufacturers, notwithstanding the years of enormous prosperity through which we have passed, clearly indicate that they have not shared in it, as have most other industries. So far as our own company is concerned, our profits on the manufacture of plate glass have been very meager indeed, after taking into account the very large depreciation charges which we have made and which are necessarily incident to the manufacture of plate glass. We can not, of course, speak for the large number of other parties engaged in the business, but we venture the statement that, taken collectively, they have made little or no money. There are now eleven other manufacturers besides ourselves engaged in the business. While some among these eleven manufacturers have no doubt made some money, many of them have lost money; so that the net return to them as a whole has been very meager.

In contrast with this the industry abroad, and particularly in Belgium, has never been so prosperous. Favored by their Government, which permits and encourages pooling and trade agreements, they have been able to maintain very profitable prices for any markets which they could control, and this in turn strengthens them should they at any time wish to make a dumping ground of our market, which they have frequently done. There have been times within the history of the Dingley tariff when the French manufacturers were selling plate glass in this country at 50 per cent of what they were receiving for similar glass for their home market. Naturally, we have no hopes of being in position to export plate glass.

Such a change as we desire would, of course, necessitate a corresponding change in paragraph No. 102, covering cylinder and crown glass, polished; and also paragraph 105, covering cast polished plate glass, silvered, cylinder and crown glass, silvered, and looking-glass plates; and a small portion of paragraph 112, covering mirrors not exceeding 144 square inches; otherwise importers would evade the proposed tariff by bringing in large imports under these paragraphs.

In this connection it is interesting to note the effect that the Dingley tariff has had upon the importation of German looking-glass plates. These formerly came into the country for the most part silvered, but since the passage of the Dingley Act they have practically all come in under paragraph 102 as unsilvered plates, and have been silvered in this country because of the very much lower rate of duty imposed under this paragraph. This shows beyond question that the duty should be raised proportionately to correspond with the duty on silvered plates.

The question will naturally arise, What effect will this have upon the government revenues? That, of course, can not be definitely predicted, because it can not be foreseen what changes in the cost of production and in the market conditions abroad may take place. It is not inconceivable that the Belgians, with the best and cheapest labor employed by anyone in the industry, might again use this country as a dumping ground and thus more than hold their own, even at the increased rate of duty imposed, in which event the government revenues would be very greatly increased from this source. Even if the imports should be materially decreased, the increased rate of duty might and probably would maintain the revenue at about the same amount the Government has been receiving therefrom. But even if the government revenues from this source should be materially reduced, we feel that our industry has suffered severely for the sake of providing government revenue to a greater extent than is fair to us. Let this burden, for a time at least, be shifted to others who have been more favored than we have been.

All of which we most respectfully submit for your careful consideration.

Mr. UNDERWOOD. I would like to ask you if you heard the statement made this morning that a few years ago the plate manufacturers of this country issued a statement over their signature fixing the price of plate glass in the country?

Mr. CLAUSE. Not our company, sir. I can not speak for the others.

Mr. UNDERWOOD. Is it within your knowledge as to whether the others issued such a statement?

Mr. CLAUSE. They are here; they can speak for themselves.

Mr. UNDERWOOD. Can you furnish that information?

Mr. CLAUSE. They are here; some of them will be heard. I do not care to speak for them, because it is not my affair. But I want to say there is no combination whatever among the plate-glass manufacturers. There is absolutely open competition.

Mr. DALZELL. How many of them are there?

Mr. CLAUSE. There are twelve all told—eleven others besides ourselves.

Mr. UNDERWOOD. You say that the Pittsburg Plate Glass Company never signed the paper which the former witness referred to?

Mr. CLAUSE. I am sure they never signed that paper he referred to.

Mr. UNDERWOOD. Did they sign any similar paper, then?

Mr. CLAUSE. There have been times when there has been joint action taken by the company, but I have no recollection of any such paper as he speaks of.

Mr. UNDERWOOD. Describe to the committee what the joint action was that has been taken by the plate-glass manufacturers?

Mr. CLAUSE. Well, there have been times when they have tried to put up prices. About three or four years ago an extraordinary demand sprung up, and some of the manufacturers took the initiative in advancing prices because of the demand, and others fell in line. But there is free competition among the manufacturers at the present time.

Mr. UNDERWOOD. At that time there was an agreement made with reference to the fixing of prices?

Mr. CLAUSE. There may have been such an agreement made.

Mr. UNDERWOOD. Was your company a party to such an agreement?

Mr. CLAUSE. There have been times when we have been parties to an attempt to maintain prices, but they have never been maintained so far as I know. There have been various efforts, but always unsuccessful.

Mr. UNDERWOOD. At the present time there is no such effort?

Mr. CLAUSE. No.

Mr. UNDERWOOD. It was stated this morning by a witness that on the ordinary plate glass for windows, and so forth, the American producers control absolutely the market. What do you say as to that statement?

Mr. CLAUSE. I think that is correct. There is no glass imported for that purpose.

Mr. UNDERWOOD. Then the present duty is a prohibitive tariff?

Mr. CLAUSE. So far as glazing glass is concerned I would say that practically there is no glazing glass imported. It is also true that so far as the glazing quality is concerned the manufacturers are not availing themselves of the present duty. The gentleman stated the truth when he said that.

Mr. UNDERWOOD. In other words, you are not selling as high as the present duty would let you sell?

Mr. CLAUSE. No, sir.

Mr. UNDERWOOD. But the present duty is prohibitive, and a non-revenue paying duty, practically?

Mr. CLAUSE. It is prohibitive so long as we are ready to sell a certain portion of our production at less than cost, and that we have always done.

Mr. UNDERWOOD. What is the class of glass that is imported into this country on which the Government is getting a revenue?

Mr. CLAUSE. That is largely used for mirror purposes.

Mr. UNDERWOOD. Is there any way to technically distinguish between the glass that is used for window purposes, the ordinary glazing glass, and that used for mirror purposes?

Mr. CLAUSE. It would be difficult to go into the finer distinctions on the part of anyone unfamiliar with the matter, but I think anyone with glass before them could easily distinguish the difference. There are some finer distinctions that would be hard for a novice to understand.

Mr. UNDERWOOD. What is the cost of the production of glass at your factory, the run of the factory, per foot?

Mr. CLAUSE. Glass in this country, taking a period of years, those just last past, and charging a very reasonable depreciation charge, an actual depreciation charge at that, one that has actually been made, is slightly in excess of 32 cents per foot.

Mr. UNDERWOOD. That is the run of the mill; the run of the factory?

Mr. CLAUSE. Yes, sir.

Mr. UNDERWOOD. What is the cost of glass laid down in New York Harbor, imported glass, with the duty added, the same glass that you make in America?

Mr. CLAUSE. That is a general question that can not be answered that way. I think I can give you information which is more in the line with what you want by stating that it costs about 14 cents a foot to produce glass in Belgium. Now, the rates of duty, of course, vary according to the size, and it costs just as much to make 1 foot of glass there as another.

Mr. UNDERWOOD. Do you mean that that includes polishing?

Mr. CLAUSE. Yes, sir.

Mr. UNDERWOOD. Does that include all the charges for depreciation, the office charges, capital, and so forth?

Mr. CLAUSE. Yes, sir. That does not include any interest on the capital. Neither did the figure that I gave you include that.

Mr. UNDERWOOD. What is the cost of labor in your factory per foot of glass?

Mr. CLAUSE. I could not state, but I can state that in a general way we pay something over three times the rate of wages paid in Belgium.

Mr. UNDERWOOD. You state that from your information or from hearsay?

Mr. CLAUSE. From my own information.

Mr. UNDERWOOD. Have you examined the wage scales of Belgium?

Mr. CLAUSE. Yes, sir.

Mr. UNDERWOOD. And you know what they are here?

Mr. CLAUSE. Yes, sir. We have a works in Belgium; therefore we know.

Mr. UNDERWOOD. On that information you state that the difference in the wage scales is about one to three?

Mr. CLAUSE. Something over three to one.

Mr. UNDERWOOD. In a foot of glass in your mill, which costs 32 cents, how much of that is wages; how much is charged against that foot of glass for interest, or for betterments, machinery, improvements, and office charges? In other words, how much of it is wage and other charges?

Mr. CLAUSE. This is going very much more into detail than I could give you from such records as I have with me; in fact, some of the records are not kept; that is, our total cost does not show what part of that cost is represented by labor, although in a general way labor represents close to 50 per cent of cost. But we make no statement which shows exactly the kind of analysis that you are mentioning.

Mr. UNDERWOOD. So far as you can have the information before you, you would state that 50 per cent of the cost represented labor?

Mr. CLAUSE. That is the current analysis that is made.

Mr. UNDERWOOD. How much of the cost of your Belgium factory, the 14 cents in the Belgium factory, represents labor?

Mr. CLAUSE. That I can not tell; that is, I have never looked at the Belgian problem from that standpoint; I have never analyzed the Belgian cost sheet from that standpoint. But the total cost is as I state to you and the rate of wages as I have stated.

Mr. UNDERWOOD. You can not make a statement in regard to the productivity of the American workmen as compared with the Belgian workmen?

Mr. CLAUSE. No. They have better labor there than we have here for the reason that the industry has been located there almost from the beginning. I think that it originated in France, and from there was transplanted to Belgium. The labor has been employed there for many years, and we have been most seriously embarrassed in this country within the last ten years by the fact that we have had to take on Italian and Slav labor largely, men who can not speak English, and who were unfamiliar with the business. For this reason it is very hard to keep down the losses from breakage in the works, because those men are not as familiar with this kind of manufacture as the men who are employed in the Belgian works.

Mr. UNDERWOOD. How many feet of glass run to a ton?

Mr. CLAUSE. Plate glass weighs about $3\frac{1}{2}$ pounds per square foot, and when boxed it runs from a fraction over 4 pounds to 5 pounds per square foot, the case adding that additional weight.

Mr. UNDERWOOD. Do you use the long or the short ton in your calculations?

Mr. CLAUSE. The short ton. But we do not figure per ton at all.

Mr. UNDERWOOD. I was getting at the freight rate.

Mr. CLAUSE. It is always per hundred, not per ton.

Mr. UNDERWOOD. A hundred pounds would have about 20 square feet?

Mr. CLAUSE. Yes, sir.

Mr. UNDERWOOD. What is the freight rate on a hundred pounds from Antwerp to New York?

Mr. CLAUSE. I do not know. One of the gentlemen who is going to follow me will give you some freight rates; but my recollection is that the rates on freight, during the times that the railroads were making decided discriminations, from Antwerp to Chicago were 35 cents, whereas the rate of freight from Pittsburg to Chicago was 39 cents.

Mr. UNDERWOOD. Is that continued now?

Mr. CLAUSE. No; that has been very recently withdrawn. They are now quoting higher rates, but there is nothing to prevent them from getting back to the other rate at any time. Their movement of empty equipment to inland points again makes that advisable. There is a great deal more freight moving to the seaboard than is coming back, and the railroads have a very large empty equipment going back from the seaboard most of the time, though at the present time it is not so large; and the defense they made was that this equipment was going back empty, that it did not produce any revenue, and whatever they could get out of this foreign business in hauling back the empty equipment was just so much gain. They overlooked the fact that if the plate-glass works had been placed at New Orleans, or

up on the eastern seaboard at Newport News, or at New York, that the full rates would have been charged on that domestic glass.

Mr. UNDERWOOD. I am aware of that fact myself, and some other things.

Mr. CLAUSE. But it is a fact that had the works been located at Antwerp—I will say they are located a short distance from there, but I could not make a comparison beyond that. We did make full comparison of the rates from Antwerp to all points of consumption in the United States. The rates from Pittsburg to similar points and the average of the foreign rates was always the average of the domestic rates of freight.

Mr. LONGWORTH. When was that?

Mr. CLAUSE. That has been true up to within a very few months ago.

Mr. LONGWORTH. When was it that you first called the attention of the Interstate Commerce Commission to it?

Mr. CLAUSE. We have done that repeatedly. The final decision rendered by the Interstate Commerce Commission was rendered, I think, last year.

Mr. DALZELL. It has been before the Supreme Court of the United States and decided.

Mr. UNDERWOOD. The Supreme Court decision has been rendered affirming the rate or rejecting the foreign duty?

Mr. DALZELL. Denying the jurisdiction of the Interstate Commerce Commission to remove it.

Mr. UNDERWOOD. I asked you to give the rate from Antwerp to New York. I wanted to ascertain the cost of laying down that class of glass in New York Harbor, if I could. If you haven't got it, of course I will call upon somebody else for the information.

Mr. CLAUSE. I do not know it, neither do I know whether they charge the same ocean rates when they haul it to New York that they do when they haul it inland. The division of the two rates is frequently different.

Mr. UNDERWOOD. Let me ask about your business. How much capital have you got invested in the Pittsburg Plate Glass Company?

Mr. CLAUSE. Our capital is \$17,500,000.

Mr. UNDERWOOD. Does that represent money actually invested, originally invested, or does it represent money and water, or profits reinvested and stock issued upon that?

Mr. CLAUSE. The original capital was \$10,000,000 without water. There was no water then, and there has never been any water in the stock of the Pittsburg Plate Glass Company. At the time the consolidation took place, or prior to that time, there were several efforts made to consolidate, but always with the idea of injecting water. There were certain gentlemen connected with the enterprise, Mr. John Pitcairn being the most prominent among them, who positively declined to have anything to do with the enterprise if it contemplated the injection of water; and it was consolidated without water. Since that time we have made two increases of capital in cash actually paid in, the first being two millions and a half and the second five millions of dollars. Practically all of it is represented by other interests of the company outside of the manufacture of plate glass.

Mr. UNDERWOOD. It was not made out of improvements made by profits and issuing stock?

Mr. CLAUSE. No; the seven and one-half million dollars was paid in; every dollar.

Mr. UNDERWOOD. When was the organization of the Pittsburg Glass Company?

Mr. CLAUSE. The original organization was made in 1895.

Mr. UNDERWOOD. Since that time have you any bonds outstanding?

Mr. CLAUSE. No, sir.

Mr. UNDERWOOD. No preferred stock?

Mr. CLAUSE. A little preferred stock that dates away back in the original organization of the company; \$150,000 of preferred stock.

Mr. UNDERWOOD. Which bears what rate of interest?

Mr. CLAUSE. That bears 12 per cent. You see, it only takes \$18,000 a year to pay that.

Mr. UNDERWOOD. What rate of interest have you paid on the \$17,000,000 of stock?

Mr. CLAUSE. Taking the history of the company from its organization in 1895, the total dividends paid during the entire time are equivalent to just a fraction under 4½ per cent. We have accumulated a surplus in the meantime which is equivalent to about 3½ per cent more, so that the total for that period has been 8 per cent; but the greater part of that money has not been made—very little—in the actual manufacture of plate glass.

The company has a very large and profitable business. It has fortunately been very successful, but it has been a question more or less of good management. We have other advantages; we have fine coal properites. We have the branch-house system, which has been a revenue contributor, and our Belgian works have been as profitable as the one operated in the United States. We secure revenue from auxiliary sources.

Mr. UNDERWOOD. Have these auxiliary sources sometimes met with losses?

Mr. CLAUSE. Yes, sir; some things that one undertakes does not prove successful, and at other times it does. There are always losses in any business.

Mr. UNDERWOOD. Eliminating the auxiliaries from your glass business, you say they have been successful since 1895.

Mr. CLAUSE. If we had to be content with all we have made out of the manufacture of glassware since 1895 I would not be in business to-day.

Mr. UNDERWOOD. Do you not think that that has made a difference?

Mr. CLAUSE. Very little.

Mr. UNDERWOOD. Is yours a representative plant? Do your competitors contend that it is better or worse than others?

Mr. CLAUSE. Some say it is worse. I do not know how many have done better. Quite a number may have done worse.

Mr. COCKRAN. I understood you to say that the labor cost of this product was about half of the total cost.

Mr. CLAUSE. Yes, sir; in this country.

Mr. COCKRAN. You have fixed the cost of production at 32 cents?

Mr. CLAUSE. Yes, sir; but I want to say in that connection that I understand that some gentlemen, and perhaps all, feel that a larger

charge for interest on investment and a reasonable charge for service could properly be made. Those figures have not been included. With those figures included it would be higher.

Mr. COCKRAN. Don't you think that discrepancy or difference should be made up by improving your own skill rather than by taxation?

Mr. CLAUSE. Those figures are not included.

Mr. COCKRAN. I understand you to say that 32 cents per foot would be the labor cost.

Mr. CLAUSE. I suppose that is the way to figure it. I have not, however, the actual figures. It has always been considered in the plate-glass mills at approximately 50 per cent.

Mr. COCKRAN. You say that the cost of labor in this country compares to the cost of labor abroad in the proportion of 1 to 3.

Mr. CLAUSE. What I mean to say is that the rates of wages that we pay are more than three times the rates that they pay.

Mr. COCKRAN. That would be about a proportion of 1 to 3.

Mr. CLAUSE. No; that does not follow.

Mr. COCKRAN. Let me see if I understand you correctly. You stated that the wages paid—

The CHAIRMAN. The rate of wages.

Mr. COCKRAN. Would be at the rate of 1 to 3.

Mr. CLAUSE. I think I must have misunderstood your question.

Mr. COCKRAN. Am I correct in assuming that you stated the cost of wages here and abroad was in the proportion of 1 to 3?

Mr. CLAUSE. I take it that you intend your question to be as to whether 16 cents a foot is the cost and whether it would not be one-third of that?

Mr. COCKRAN. Yes.

Mr. CLAUSE. I should say that that would not be far from the truth.

Mr. COCKRAN. There is a difference of 8 cents between the rate of wages there and the rate here.

Mr. CLAUSE. No, sir; I think your arithmetic is a little at fault. One-third of 16 would be $5\frac{1}{3}$.

Mr. COCKRAN. Yes; and a third from 16 would leave 10 $\frac{2}{3}$.

Mr. CLAUSE. Yes, sir.

Mr. COCKRAN. The difference in the labor cost, then, is the difference between $5\frac{1}{3}$ cents and 16—that is to say, 10 $\frac{2}{3}$; yet you want a duty of 22 $\frac{1}{2}$ cents.

Mr. CLAUSE. Yes, sir.

Mr. COCKRAN. You want the duty to be over 200 per cent of the difference in the rate of wages?

Mr. CLAUSE. In the labor cost.

Mr. COCKRAN. That is your idea. That would be the actual protection.

Mr. CLAUSE. We would not want to base it entirely on the question of labor. We must be put on a basis to protect us against the foreigner. The foreigners are now bringing it in at two and one-half and paying the duty.

Mr. COCKRAN. You would not want to penalize superior skill. I understand that the object of a duty is to equalize the rate of wages.

Mr. CLAUSE. There are other products and other factors.

Mr. COCKRAN. Oh, I did not know that. What are they?

Mr. CLAUSE. Well, it is a difference in cost. Wages is not the sole measure of cost.

Mr. COCKRAN. The difference in cost which the tariff is intended to equalize has always been explained to us as being the difference in the rate of wages.

Mr. CLAUSE. Not altogether.

Mr. COCKRAN. It is not?

Mr. CLAUSE. No, sir.

Mr. COCKRAN. Then your object in asking for a protective rate is not to equalize the cost of wages, but to equalize a difference in the skill of production?

Mr. CLAUSE. I think that perhaps we have as good capacity as some of the Belgians.

Mr. COCKRAN. Then what are you trying to equalize?

Mr. CLAUSE. It is the difference in cost.

Mr. COCKRAN. What is the difference?

Mr. CLAUSE. It is the difference between 32 and 14.

Mr. COCKRAN. Then the difference is 18 cents.

Mr. CLAUSE. That makes 18 cents.

Mr. COCKRAN. The difference between 14 and 32 being 18, when you ask for a tariff rate of 22½ cents you want a protection of over 125 per cent of that difference.

Mr. CLAUSE. We want enough to protect us now. If we get just barely enough to make up the difference of cost between here and there they could compete with us and drive us out of business.

Mr. COCKRAN. Well, why? If you get a tariff equal to the difference in the cost of production, including every element, you think they can still put you out of business?

Mr. CLAUSE. Yes, sir.

Mr. COCKRAN. Why is that?

Mr. CLAUSE. Very easily.

Mr. COCKRAN. Please give us an explanation of that. That is what I want.

Mr. CLAUSE. In the first place, the ocean lines and the railroads help them.

Mr. COCKRAN. Is it your idea by a tariff rate to equalize freight rates?

Mr. CLAUSE. We ought to have relief somewhere.

Mr. COCKRAN. Is it your idea, then, that the wrongs and inequalities of railroad rates in this country are to be balanced by a tariff?

Mr. CLAUSE. No, sir; but we want to have a tariff sufficient to put us on a good competitive basis.

Mr. COCKRAN. I am trying to find out what that actual basis is.

Mr. CLAUSE. If you will give me time I will endeavor to explain it.

Mr. COCKRAN. Certainly, you can have the time. Before you proceed let me give you the propositions which I want to submit. You stated that the difference in the cost of production in your own business, including everything, is 18 cents, and you ask a tariff of 22½ cents?

Mr. CLAUSE. Yes, sir.

Mr. COCKRAN. What is it that you are trying to equalize by a tariff equal to over 125 per cent of the difference between cost of production here and abroad, including everything, which you think should enter into the calculation?

Mr. CLAUSE. We get a difference of 18 cents to start with.

Mr. COCKRAN. Is not that included?

Mr. CLAUSE. No, sir.

Mr. COCKRAN. I thought that was a part of the total.

Mr. CLAUSE. The railroads have helped to reduce the tariff, and have made discriminations which have compelled us to reduce prices in the West, in the inland points, about 2 cents a foot. Now, beyond that, the Belgian Government, as well as the German, encouraged their enterprises to improve their several kinds of business and also to make trade arrangement that enabled them to get higher prices and to do a profitable business. That enables them to keep prices near the prices of those markets where they have a profitable market, and it enables them to dump their surplus product on the American market. I think that the Belgians as well as others would be delighted to sell glass at cost in the American market. The railroads help them on the freight rates, and frequently compel us to sell glass at cost or less than cost. Now, unless we have a margin above the price of the Belgian it puts us out of business.

Mr. COCKRAN. By these discriminations in freight rates you are taxed, you say, 2 cents per foot.

Mr. CLAUSE. In some markets.

Mr. COCKRAN. That would account for 2 cents of the 22 cents. That would still allow you a larger margin than the total difference, according to your figures. What are the agreements that you speak of which have been made by the Belgian producers which gives them an advantage—in what market do they sell cheaper than they sell here?

Mr. CLAUSE. There is no market in which they sell cheaper than they sell here. They have sold in other markets for more than they do here.

Mr. COCKRAN. Please give us the extent of that, because it is a serious matter.

Mr. CLAUSE. I will place before the committee the data showing some of the discriminations practiced, if you would like to have it.

Mr. COCKRAN. You can do that.

Mr. CLAUSE. Then as to the French goods—

Mr. COCKRAN. You were speaking of the Belgian.

Mr. CLAUSE. They are all in the same category over there.

Mr. COCKRAN. Do you mean to say that there is a combination of all of the producers, the German, the French—

A BYSTANDER. And the Italian?

Mr. CLAUSE. Yes, sir.

Mr. COCKRAN. Did you state that the New York manufacturers had an association or an arrangement?

Mr. CLAUSE. I was not present at their meeting.

Mr. COCKRAN. You are a producer. Is your concern a party to that organization?

Mr. CLAUSE. We are not members of that syndicate.

Mr. COCKRAN. Then, so far as that is concerned, you are speaking from hearsay. You do not give those facts as a positive statement.

Mr. CLAUSE. I was not present when the arrangement was made. The facts can be put before you.

Mr. COCKRAN. You say the Belgians have an organization as well?

Mr. DALZELL (to Mr. Cockran). Why do you not let him finish his answers?

Mr. COCKRAN (to the witness). I thought you had finished. I have no desire to interrupt you if you have anything further to say upon that particular point.

Mr. CLAUSE. Well, I have lost the thread of what I was saying, so it does not matter.

Mr. BOUTELL. You did not answer about the question of combination.

Mr. CLAUSE. Here is a document which has been handed to me. It is in French. It explains the arrangement there.

Mr. COCKRAN. If you will hand it to me, I will read it. This document is issued by the Belgian Government, ministry (or department, as we would say) of industry and labor, office of the labor and inspection of industry, Group IV, manufacture and working of glass.

Mr. LONGWORTH. I ask that it be read and let it go into the record.

Mr. Cockran read from the French as follows:

Glass.—The glass industry has passed during these last years through diverse phases of crises and of prosperity. In 1900 there existed a syndicate of sales embracing the Belgian, the German, the French, and the Italian factories; this syndicate lasted only ten months. From 1901 to 1904 the constant augmentation of production and the competition which the establishments carried on against each other led to a decrease in prices which reached as far as 3 francs upon the average value of the square meter.

There resulted from this a situation which became more and more critical to which an end was put by the new international convention brought about during the month of August, 1904, and which was still in force in 1907—

Mr. CLAUSE. It has been extended to 1914.

Mr. COCKRAN (continuing to read):

Following this understanding, prices have advanced, and, thanks to a slight monthly suspension, production has maintained itself in normal conditions. Actually the glass industry finds itself in a very prosperous situation.

Mr. COCKRAN. This does not say anything about 1914. Has there been a further agreement? There is an additional paragraph which you have marked. Shall I read it?

The CHAIRMAN. It might be important to have it all, since the stenographer has taken what you have read.

Mr. GAINES (to Mr. Cockran). Might you not hand it to the witness and let him read it?

Mr. COCKRAN. I am reading from the French. [To the witness.] Will you read it?

Mr. CLAUSE. I am unfortunately not a French scholar.

Mr. COCKRAN. Do you care to have it read farther?

Mr. CLAUSE. I am not anxious to have it read.

The CHAIRMAN. To save time you can read the other paragraph since you are doing so nicely.

Mr. COCKRAN (continuing to read):

Our factories have rivaled each other in activity to place their product on a level with the very last methods of progress introduced in this branch of industry. Almost everywhere there have been installed perfected ovens, electrical engines for removing leakages from the plate-glass factories and the mechanical workshops, contrivances for softening and polishing to a high degree. These improvements have had for result a work more intense and more economical.

Mr. COCKRAN. I have given a literal translation.

The CHAIRMAN. It is a very creditable performance.

Mr. COCKRAN. That is your explanation. You are interfered with by the European corporation?

Mr. CLAUSE. That substantiates the fact.

Mr. COCKRAN. Does that complete your answer? I have no desire to interrupt you if you have a further explanation. The Belgian producers can not sell without a profit.

Mr. CLAUSE. Shall I make a further explanation?

Mr. COCKRAN. Yes, sir.

Mr. CLAUSE. Any gentleman who has been in the manufacturing business knows the necessity of operating his plant as fully as possible. Your overhead charges are fixed irrespective of whether or not you are running 50 per cent or 100 per cent of your capacity, and it frequently occurs with regard to certain lines of business. In some lines of business you must take up other auxiliary branches without regard to the overhead charges, the general charges or depreciations, and sell goods without regard to the cost, against the foreign manufacturer, who has his home market which takes 90 per cent of his product at a good profit. If he sells as much as 10 per cent somewhere else at cost or less, it enables him to reduce the cost of the product for his whole 90 per cent home consumption. It increases the profit on his home article by sacrificing or dumping 10 per cent. That is a practice in which we must all indulge in business, according to circumstances.

Mr. COCKRAN. That is, under a certain condition.

Mr. CLAUSE. It is a condition in which, if you were a manufacturer and your business reached within 90 per cent of your capacity and for the additional 10 per cent you could get cost, you would be glad to do it, provided you could not find some other place at which you could sell at a profit.

Mr. COCKRAN. Would you not make it an object to sell elsewhere if you could?

Mr. CLAUSE. Yes; if I could. If I could not do one thing, I would do the other.

Mr. COCKRAN. This 10 per cent you speak of is a possible surplus?

Mr. CLAUSE. That is what we have got at present.

Mr. COCKRAN. No man will have a surplus if he can help it.

Mr. CLAUSE. No man can help it always. He can not always make his product equal to his demand. As a manufacturer I can say that I can not always tell what my demand will be, because there are conditions arising which I can not foresee.

Mr. COCKRAN. Is your surplus generally so much ahead of your capacity to sell?

Mr. CLAUSE. No, sir.

Mr. COCKRAN. Would you say it is usually so?

Mr. CLAUSE. It is very usual for a manufacturer to have a surplus of 10 per cent.

Mr. COCKRAN. During the years from 1904 to 1908 has that been true in your business?

Mr. CLAUSE. No, sir: during intervals of four years the demand might be a little ahead at times.

Mr. COCKRAN. Did you have 10 per cent surplus last year?

Mr. CLAUSE. It has run as high as 10 per cent.

Mr. COCKRAN. Have you had a surplus of 10 per cent at any time during the last ten years?

Mr. CLAUSE. At times during the interval of the Dingley bill we have had a surplus of 33 per cent.

Mr. COCKRAN. What did you do with it?

Mr. CLAUSE. We let it rust.

Mr. COCKRAN. Did you not sell it?

Mr. CLAUSE. The plant was not operating; the machinery was rusting.

Mr. COCKRAN. You mean that you did not produce within 33 per cent of your capacity?

Mr. CLAUSE. Yes, sir.

Mr. COCKRAN. Have you actually had a 10 per cent surplus at any time?

Mr. CLAUSE. Many times we have had a large surplus of stock, due to the conditions of business.

Mr. COCKRAN. Did you have a 10 per cent surplus that you had to dispose of at cost or less at any time during the last year?

Mr. CLAUSE. Not during this year. We have not had a surplus, but we have sold at very low figures. All of us have to dump our goods at times below cost.

Mr. COCKRAN. Even at a loss?

Mr. CLAUSE. Yes, sir.

Mr. COCKRAN. Has this condition been exceptional prior to this year. Since the passage of the Dingley bill in 1897 have you had a surplus equal to 10 per cent to dispose of at a loss in any one year?

Mr. CLAUSE. Yes, sir.

Mr. COCKRAN. What year?

Mr. CLAUSE. During the years 1898 and 1899 we disposed of our surplus at a low price.

Mr. COCKRAN. Showing a loss?

Mr. CLAUSE. Yes, sir.

Mr. COCKRAN. Can you recall any other years?

Mr. CLAUSE. There has been no time during the history of the industry in this country in which there has not been a large percentage of the product sold in that way, and it has grown bigger and bigger all the time. The product has often been sold below the cost of production.

That leads me up to one or two questions spoken of by one gentleman who appeared to-day. I wanted to find out whether one gentleman who spoke had ever been in a glass factory in his life. I was sorry that some gentleman of the committee did not ask him that question, because he made a statement which made it quite conclusive to my mind that he had never been in a glass factory. Most glass factories will produce 25 sizes of less than 10 square feet. That is due to breakage, and to an extent it is due to the process of manufacture and to getting it into the warehouses, and that quantity must be eliminated, because it is not a marketable product. That 25 per cent has always been sold at a loss. So long as we were only compelled to sell 25 per cent in that way it was not a commanding factor. The demand for consumption of glass under 10 square feet has been growing all the time, until now it is above 60, and perhaps it is 66½ per cent of the product. That is very material. A large part of that 66½ per cent is the glass that is used for mirrors, and this glass being imported is practically all for that purpose. The gentleman said that that glass is not produced in this country. I do not see why it is not. The larger part of it is sold and made in this country. The only reason that it is not made and sold to a larger extent is because the small glass has to be sold at a loss. We

would proceed to make it in a moment where there is a profit in it, but it is made and sold at a loss, and that is the reason why we do not make it. When two-thirds of your business has to be supplied at a loss it comes to be a pretty critical question, and that is the condition to-day.

(At 1.04 p. m. the committee took a recess until 2 o'clock p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
November 24, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

STATEMENT OF MR. W. L. CLAUSE, REPRESENTING THE PITTSBURG PLATE GLASS COMPANY—Continued.

Mr. CLARK. Mr. Clause, if this scheme of yours proposed should be adopted it would have the general effect of leaving the prices of large plate glass, about 10 feet, about where they are now and putting up the prices of smaller pieces, would it not?

Mr. CLAUSE. Some smaller pieces; not all of them.

Mr. CLARK. That would be making an increase of the price on that which ought not to have an increase of price, would it not?

Mr. CLAUSE. I do not think it would work out that way. That may seem contradictory to you. I think you have reference to the question whether this will advance the price of glass to the poor man.

Mr. CLARK. To the consumer. I do not care whether he is poor or rich; the average consumer of glass.

Mr. CLAUSE. This will have the effect of advancing the price on the very highest grades of plate glass under 5 feet.

Mr. CLARK. My understanding of the proposition is that it would be a general raise, and that the raise would come on the smaller pieces of glass.

Mr. CLAUSE. Of course it would have to be on the smaller pieces of glass, because it is only glass under 5 square feet that is affected by this advance. There is no advance from 5 to 10 feet, and from 10 feet to 250 feet there is a large reduction.

Mr. CLARK. How big a piece of glass is it that goes into the average show window of an average retail store, in towns of from 500 up to 10,000 population?

Mr. CLAUSE. Most of that glass is from 50 to 100 square feet; you might say from 25 to 100 square feet.

Mr. CLARK. If the committee or Congress should take a notion to grant this request of yours for an increased duty, is there any way that the laboring men—the men who labor in the factories—can get the whole of that increased duty?

Mr. CLAUSE. I never heard of any plan that was devised by which it was all divided up to one man. It does not work out that way.

Mr. CLARK. If the tariff is for the benefit of the laboring man, then the laboring man ought to get all the tariff, ought he not?

Mr. CLAUSE. We are not so philanthropic as that.

Mr. CLARK. I am not asking whether you are philanthropic or not: I am asking whether that would not be a matter of ordinary justice?

Mr. CLAUSE. I do not see why it would be.

Mr. CLARK. If the consumer is taxed to raise the price of glass for the benefit of the laborer, then I can not see that anybody else ought to get any part of the raise.

Mr. CLAUSE. That was not our proposition.

Mr. CLARK. I know; but that is the general proposition that is thumped into our heads all the time.

Mr. CLAUSE. That is not what we are advocating.

Mr. CLARK. You want a part of that raise yourself?

Mr. CLAUSE. Yes; we need it. Our stockholders want it; they demand it; and they are crying for it.

Mr. CLARK. You have testified very frankly all day. I want to ask you another question. This committee is trying to ascertain the facts. We want to find out all about this glass competition in Europe, and the difference in the cost of labor and materials in Europe, and all the rest of it. I will ask you if, in view of that fact, you ought not to have figured out this whole thing to an absolute nicety in this brief that you are going to file here, so that you would give a man that does not know much about the technicalities of the glass business the entire statement of the situation?

Mr. CLAUSE. Mr. Clark, I had this in mind in preparing this brief. I would just as soon continue to be frank as I have been thus far.

Mr. CLARK. Very well.

Mr. CLAUSE. There are certain facts that you will accept on their face, because you know the source from which they come and the conditions surrounding them—and those are about these imports.

Mr. CLARK. Yes.

Mr. CLAUSE. Those imports are there to speak for themselves. You know as a good, level-headed man, and I know as a business man, that if that glass could have been produced here at a profit it would not have been brought in.

Mr. CLARK. No; I do not know that.

Mr. CLAUSE. Well, I do.

Mr. CLARK. I think that maybe you would want too much profit.

Mr. CLAUSE. No.

Mr. CLARK. And that might keep it out and have the same effect.

Mr. CLAUSE. No. The kind of profits we have made, and the dividends we have made, and the records of the company from start to finish, constitute evidence enough of them, show that we have had a very modest profit, and if there was a chance to get a penny's profit out of it, if we could have furnished that glass even at cost to ourselves, it would not have come in here. I speak of that because you can see the rates of duty that the Government collected on this glass: and that I take it as good tangible evidence to you that the importer would not have paid that duty if he could have bought the glass here and have saved it.

Mr. CLARK. Why, no; of course he would not.

Mr. CLAUSE. And that duty indicates the kind of a protection we have got to have if we are to meet foreign competition.

Mr. CLARK. What you really want is a prohibitive tariff, is it not?

Mr. CLAUSE. I do not think this tariff would be prohibitive.

Mr. CLARK. I did not ask you that; I asked you if that was not really what you wanted.

Mr. CLAUSE. Well, if I could have everything I wanted, probably I would take a prohibitive tariff. I do not think any man in any business would object to being put in the best possible position in his business. But, just the same, I think foreign glass would continue to come in here, and I do not think that the price of glass—the cheaper grades of glass to the poor man, the lower qualities—is going to be materially affected. He will be somewhat affected—I do not pretend to say that he will not be somewhat affected—but we feel that neither he nor anybody else has a right to ask us to furnish him at a loss a thing of that sort.

Mr. CLARK. There is no prohibitive tariff?

Mr. CLAUSE. No, sir; there is glass coming in continuously at 2½ cents a foot—that is, 5 to 10 foot bracket—and when we reduced the price that 5 to 10 foot glass has come in at that figure. The larger sizes will come in here at the same price. We do not suppose they will come in here and flood us; otherwise we would not accept it. But we have come in here with this in the nature of a compromise. We understand that this committee has undertaken to get up a tariff that is better than the old one, and that they will make reductions where they can be made, and that is why we are proposing this reduction in glass over 10 feet.

Mr. CLARK. I know, but in the net result you raise it.

Mr. CLAUSE. We would raise it under 5 square feet.

Mr. CLARK. You have spoken of the promise in the Republican platform as a persuasive argument, at least, why this, that, and the other should be done. Have you any knowledge that that platform promise during the last campaign was construed into a promise to revise the tariff down?

Mr. CLAUSE. I did not suppose that Republican declaration would appeal to you, Mr. Clark.

Mr. CLARK. Not a particle; but I was trying to use that on these Republicans.

Mr. CLAUSE. No; I will tell you, I was using that Republican argument because it is logical that the duty should be based measurably as much as possible upon the cost of manufacture in the two countries, and the reasonable way and the only way you can do that is to abandon the schedules that now exist and adopt a flat schedule.

Mr. CLARK. My question is logical, too. Have you heard during the campaign that this promise in the Republican platform was construed in certain parts of the country to be a promise of a revision down instead of up?

Mr. CLAUSE. Yes; but we are reducing down on glass from 10 feet up to 250 feet.

Mr. CLARK. But you are reducing up on the other.

Mr. CLAUSE. Yes; we need it.

Mr. CLARK. Now, nobody has asked you this question. Your plant at Pittsburg is more happily situated with reference to being able to take advantage of water rates than any other plate-glass company in America?

Mr. CLAUSE. We do not use water rates at all.

Mr. CLARK. Why do you not?

Mr. CLAUSE. Because I suppose there has never been any money in it.

Mr. CLARK. You take the Ohio River and the Allegheny, and what is the other one, the Youghiogheny?

Mr. CLAUSE. No, there are the Ohio and the Allegheny and the Monongahela.

Mr. CLARK. Well, you take those two other rivers, and they would not amount to so much for transportation; but you take the Ohio River, and that gives you transportation to the Gulf on the one hand and to the Falls of St. Anthony on the other.

Mr. CLAUSE. We do not ship a foot of glass by water; so far as our factory is concerned we do not. Whether our jobbing houses occasionally use river boats for small river shipments I will not undertake to say. Possibly they may.

Mr. CLARK. Why do you not?

Mr. CLAUSE. Because plate glass is a fragile product.

Mr. CLARK. Yes.

Mr. CLAUSE. And we load the cars ourselves right in our factory. We do not allow the railroads to load them. The glass is balanced very carefully on the car in the works where we have every facility, and the cases are balanced and packed so that there is no jar at all; they are put on the cars and are blocked in there both ways so that they can not shift, and they are braced so that they can not be thrown off, because we want these shipments to go through without break, and they do go through without break. Where you ship by water you have to break shipments and transfer, and that is dangerous, always.

Mr. CLARK. What proportion of the entire plate-glass output would have the tariff raised by your proposition, and what proportion would have it lowered? I am talking about money values now.

Mr. CLAUSE. That is pretty difficult to answer, and I will tell you why.

Mr. CLARK. I do not expect you to give it accurately, of course.

Mr. CLAUSE. No. I will tell you why it is difficult to answer. I said this morning that about 25 per cent of the product naturally developed into glass under 10 square feet. The better grades of glass are nearly all cut out of large sizes. It is one of the incidents of the business that you get a better finish—and the finish on the surface is the important thing with regard to a mirror—on the larger sizes than on the small pieces, invariably. The plaster that is in the joints has this effect. This glass all has to be embedded in plaster such as they were talking about this morning, to be held on the grinding table, and that plaster drags out some on the glass and sometimes interferes with the character of the polish. The smaller the size you have—in other words, the more joints through which the plaster can come out—the more your trouble is with regard to finish, and the best finish is almost invariably in the large glass. So the small sizes are almost invariably cut out of large sizes, and you have to cut it out wherever the defects will permit you to cut it out. You cut out the defects in cutting the glass. In doing that you make a lot of other small sizes, invariably, and the tendency that way all the time is the reason why you are getting so much of that. All of your tendency is to get so much of it that the competition to sell it keeps the price down, and that is why we are not to-day availing ourselves of the present

duty on those small sizes—some of them. Now, this is to explain why nobody could foretell just how this problem is going to work out as to how much of an advance we would get, or what percentage of our product it will cover, because that is a practical problem that will vary from day to day right in the warehouse of a factory, according to the character of the glass that is coming in.

Mr. CLARK. I want to preface this question with one statement of my own, and that is that I do not care how much money a man makes provided he makes it honestly and is entitled to it. That is the statement. Now the question is: You state that your profits in the glass industry are in the neighborhood of 4 per cent.

Mr. CLAUSE. No; I did not state that the profits in the plate-glass industry were 4 per cent. I stated that the dividends paid during the years since 1895 had averaged, for the whole period, $4\frac{1}{2}$ per cent, or just a fraction under. I did not state that that was made out of the manufacture of plate glass. I did state that the greater part of all our profit had come from auxiliary sources.

Mr. CLARK. I know, but the auxiliary sources only brought it up to $4\frac{1}{2}$ per cent.

Mr. CLAUSE. That is right, so far as the payment of dividends were concerned. Now, we had a slight profit beyond that.

Mr. CLARK. You earned 8 per cent?

Mr. CLAUSE. Yes.

Mr. CLARK. The question I want to ask you is this: We have been cross-examining witnesses here and hearing them testify for two weeks now on every kind of conceivable manufacturing industry in America, and it has been with the extremest difficulty in the world that we have found more than three industries that pay more than 5 or 6 per cent. If that is true, I want to know how the manufacturers in the United States, so many of them, amass large fortunes? That is a fair question, too.

Mr. CLAUSE. I will tell you one thing, Mr. Clark. The people who come down here are the people that need relief, for the most part.

Mr. CLARK. To hear them tell it, they all need it.

Mr. CLAUSE. I dare say. There are lots of them who do not come.

Mr. CLARK. If I believed that, I would send out a search warrant for some of them. That is all.

Mr. CLAUSE. A moment ago I was speaking about the polishing operation on glass. That reminds me of one of the statements made by a gentleman here this morning. You would have inferred from the statement he made that glass was inspected before it was polished to know whether it was worth polishing or not. As a matter of fact, you can not see defects in glass at all before it is polished. The glass is taken in what is termed the "rough" originally, which is double the thickness of the finished product, and it has to be ground on both sides, and that obscures the glass so that you can not see through it. You know what ground glass is like. That is what the glass looks like then, and it is impossible to inspect it.

The CHAIRMAN. When it is polished, then, it takes just as much labor to make a defective sheet of glass of a given sort as a perfect one?

Mr. CLAUSE. Yes, exactly; we do not know whether it is defective or not until we get it polished.

Mr. POU. I would like to know the comparative difference in the profits of your Belgian glass factory and your factories in America?

Mr. CLAUSE. We bought that Belgian works five years ago, and it has paid for itself.

Mr. POU. Twenty per cent a year?

Mr. CLAUSE. Yes.

Mr. POU. Where do you sell the output of that Belgian factory?

Mr. CLAUSE. All over Europe, in China and Japan, and in the Mediterranean ports. Some of it goes to South America and some of it to England.

Mr. POU. Do you import any of it into the United States?

Mr. CLAUSE. Some of it.

Mr. POU. What proportion of it?

Mr. CLAUSE. It is rather a small proportion, and of course all of it is small plates.

Mr. POU. Do you ship any of your manufactured products from your factories inside the United States abroad? Do you export any of it?

Mr. CLAUSE. No, sir.

Mr. POU. Not a bit of it?

Mr. CLAUSE. No, sir; practically none. I think one or two small shipments may go to Cuba now and then, possibly because the steamer is going and they want it quick. I could not say that never a foot had been exported, but that is practically the case. We are debarred from any Cuban trade.

Mr. POU. Is your factory in Belgium a separate corporation?

Mr. CLAUSE. It has to be, under the Belgian law.

Mr. POU. I supposed so. What is the capital stock of it?

Mr. CLAUSE. I have forgotten how many thousand francs. I believe it is 1,500,000 francs.

Mr. POU. What is the market value of your stock in that company?

Mr. CLAUSE. The Pittsburg Plate Glass Company?

Mr. POU. Yes.

Mr. CLAUSE. It is selling in the neighborhood of 110 now. It was considerably below par for a portion of this year, and was about at par until a matter of two or three weeks ago, when it made somewhat of an advance.

Mr. POU. Are you asking for an increase of duty?

Mr. CLAUSE. On some sizes, yes, sir; but a large decrease on a great many other sizes.

Mr. POU. You do not think you could stand any cut under the duties that now protect you?

Mr. CLAUSE. We are losing money on all the small glass we are selling now; that is, on practically all of it.

Mr. POU. That is all I care to ask.

Mr. GRIGGS. You are asking an increase of duty on the smaller sizes?

Mr. CLAUSE. Yes.

Mr. GRIGGS. And they are the sizes most commonly used by the common people of the country?

Mr. CLAUSE. There are more used of the smaller sheets than of the larger.

Mr. GRIGGS. You make a great deal of glass for these small stores in small towns?

Mr. CLAUSE. We are accepting a large reduction in the duty on them.

Mr. GRIGGS. Ten feet square?

Mr. CLAUSE. Yes; above 10 feet.

Mr. GRIGGS. I said 10 feet square.

Mr. CLAUSE. All the glass 10 feet and over, under this proposition, is largely reduced, and practically all the glass used in store fronts is over 10 feet in area.

Mr. GRIGGS. Not in the small towns.

Mr. CLAUSE. Yes.

Mr. GRIGGS. I live in one.

Mr. CLAUSE. A store front is usually over 25 square feet.

Mr. GRIGGS. You say that store-front glass is usually over 25 feet?

Mr. CLAUSE. Ten feet is only 24 by 60 inches; 2 feet wide and 5 feet long.

Mr. GRIGGS. Oh, you mean just 10 square feet?

Mr. CLAUSE. Yes.

Mr. GRIGGS. I beg your pardon. Now, you have spoken several times this morning of the difficulty of making this glass. Do you experience any more difficulty here than you do in Belgium?

Mr. CLAUSE. In making glass?

Mr. GRIGGS. Yes.

Mr. CLAUSE. Yes, sir.

Mr. GRIGGS. What is the reason for that?

Mr. CLAUSE. Because the labor there is skilled in that line of manufacture. They have been at it for generations. Here at the present time in the Pittsburg district, 60 to 70 per cent of the men we employ are foreigners of a certain class.

Mr. GRIGGS. You employ day labor?

Mr. CLAUSE. Yes; and we pay over three times the rate of wages we pay abroad.

Mr. GRIGGS. You pay better here?

Mr. CLAUSE. Yes.

Mr. GRIGGS. Over three times the rate of wages abroad?

Mr. CLAUSE. Yes.

Mr. GRIGGS. And get poorer labor here?

Mr. CLAUSE. Yes; we get better labor over there. I would like to complete the statement that I was making. I was saying that 60 to 70 per cent of the labor in our Pittsburg district are Italians and Slavs, and a large proportion of them can not speak English.

Mr. GRIGGS. Why do you not bring over some Belgians?

Mr. CLAUSE. We dare not.

Mr. GRIGGS. You bring over Italians and Slavs, and you spoke of so many that could not speak English. I thought, perhaps, you might in some way get some Belgians.

Mr. CLAUSE. Ten or twelve years ago nearly all the labor employed in our works could speak English; they were Belgians, French, and German, but yet they could speak English. They had been here quite a time, and they were men who had grown up in the industry on the other side. But latterly we have been compelled to take Italians and Slavs principally. They have kept coming into the works until 60 or 70 per cent of the men now employed are of those nationalities, and very few of them can speak English.

Mr. GRIGGS. You would say, then, that the plate-glass industry in America is languishing?

Mr. CLAUSE. It is languishing. I can not say that it is in a condition of collapse, but it has gotten along with very meager returns.

Mr. GRIGGS. The condition is one to create apprehension?

Mr. CLAUSE. If there should be any reduction of the duty, it would be one to create apprehension.

The CHAIRMAN. What portion of your output does not exceed 5 square feet in area, of plate glass?

Mr. CLAUSE. Of the actual output as it naturally comes from the works there would not be over—

The CHAIRMAN. I mean as you sell it.

Mr. CLAUSE. It runs all the way from 55 per cent—you mean under 5 feet?

The CHAIRMAN. Yes; under 5 feet.

Mr. CLAUSE. Oh, I should say in the neighborhood of 35 per cent.

The CHAIRMAN. Then from 5 to 10 feet?

Mr. CLAUSE. There would be 25 to 30 per cent more there.

The CHAIRMAN. And then the balance would be above 10 feet?

Mr. CLAUSE. Yes.

The CHAIRMAN. That is all.

Mr. POU. How does the selling price of your glass turned out by your Belgian factory compare with the selling price of the product of your American factories?

Mr. CLAUSE. We get a much better price for the Belgian product than we do for this.

Mr. POU. Can you indicate any per cent of difference upon the output as a whole?

Mr. CLAUSE. It would be quite a considerable difference; probably 20 to 25 per cent, I should say, at the present very low American selling price. Prices there are very profitable. They are good prices. We are getting a high price in Belgium. And here there is another thing we have to bear in mind—this should have been brought out this morning. I refer to the question of competition with the Belgian works that Mr. Cockran was trying to get at, and that is that our competition with foreign glass is largely in the small sizes, which they, like ourselves, frequently sell at less than their cost. This question of selling the small glass at a loss is as old as the industry. It is easy enough to break big glass up and make small sizes of it, but if you have small glass on hand you can not get it any bigger, and it must be sold in that condition, and they frequently sell small glass irrespective of the cost price, and that is the glass we are competing with largely here.

Mr. POU. Is the difference in favor of the cost of production in your Belgian factory the difference you have to pay in the price of labor?

Mr. CLAUSE. That is the important thing. Here is another thing which is very important. The works there cost only half of what they cost here to put up, originally; so that we have to get considerable more returns in order to make the same kind of a profit, and the cost of replacement enters very largely into it. A plate-glass factory is peculiar in this, that it does not lend itself readily to the installation of different apparatus. The tendency in the manufacture, in this as well as in any other line of manufacture, naturally

drifts in a certain channel which seems to favor a reduction in the cost. Those changes which have come about have been of a character that could not be introduced without a much larger expenditure than is incident to many lines of business. To be more definite, you take a factory where they employ small machines that stand on the floor, perhaps without foundation, or even where they have foundations; something is gotten up that is new and perhaps better, and it is a simple matter to take out the old machine and put in the new one. It involves no change in the general structure of the plant, and it is very easily brought about, and at a minimum loss for that which is displaced. The tendency in the manufacture of plate glass for the last fifteen years particularly has been of such a character that it could not be carried out at all without the actual demolishing of what you had. The type and the structure of the buildings has changed, and the dimensions of the buildings have changed and the character of foundations has changed—they are going very much deeper—and it is just about the same as rebuilding a plant; so that the question of replacement in plate-glass manufacture is a very large item. That, of course, again is double here what it is abroad, and all those things go to make up a very different situation.

Mr. Pou. From the standpoint of profits, it would have paid your company to have invested all its money in Belgium?

Mr. Clause. Yes; very decidedly.

Mr. Pou. You are making 20 per cent there and 8 per cent here?

Mr. Clause. We are not making 8 per cent on the manufacture of plate glass here.

Mr. Pou. What would you say that your profits have been on the plate-glass industry here that corresponds to what you are doing in Belgium?

Mr. Clause. They have been very little. They have been very meager indeed.

Mr. Pou. Can you not name some figure?

Mr. Clause. I should be ashamed to.

Mr. Cockran. Oh!

Mr. Pou. We would like to know.

Mr. Cockran. We will spare your blushes.

Mr. Clause. They are so small that I am ashamed of it.

Mr. Pou. One per cent?

Mr. Clause. I should say 1 per cent would not be far out of the way; probably nearer than any other guess you could make.

Mr. Griggs. Then, do you not think that the making of plate glass in the United States, competing with Europe, would be like raising bananas under glass in Boston and competing with Cuba?

Mr. Clause. I never tried raising bananas.

Mr. Cockran. You think you would prefer to raise taxes?

Mr. Clause. If it was easier, I would.

Mr. Cockran. You find it easier. You have succeeded in it several times.

Mr. Pou. But for these supplementary supports your industry has had, you would practically have made nothing?

Mr. Clause. That is right; we would have made very little if it had not been for the auxiliary sources of revenue we had.

Mr. Randell. I understood you to say that the auxiliaries are what cut down your profit.

Mr. CLAUSE. No.

Mr. POU. I do not see what we can do except to put the tariff up to about twice what it is now.

Mr. CLAUSE. That is what we think.

Mr. POU. And keep on dividing it up and make people pay for it.

Mr. DALZELL. According to the history of the industry, what is the condition of the industry now compared to the condition of the industry in past years? Are not the prices much lower than they were before the tariff?

Mr. CLAUSE. They have decreased very greatly. They are about 10 or 15 per cent of what they were.

Mr. COCKRAN. How about the last ten years?

Mr. CLAUSE. The tendency has been downward all the time.

Mr. CLARK. The vice of Mr. Dalzell's question is in the fact that he attributes the lowering of the prices to the tariff.

Mr. CLAUSE. Really I do not know what was in his mind, I am sure.

Mr. CLARK. That would be the net result. If his question embraces the philosophy of the situation, then nothing goes down unless you have a high tariff.

Mr. CLAUSE. I was simply stating the fact to you.

Mr. CLARK. You did not undertake to give the reason?

Mr. CLAUSE. No, sir.

Mr. CLARK. And his question did. That is all.

Mr. COCKRAN. As a matter of fact, machinery has played a large part in production, steadily, has it not?

Mr. CLAUSE. Yes; very expensive machinery, at that. It is a very heavy type of machinery.

Mr. COCKRAN. But it has operated to reduce the cost of production?

Mr. CLAUSE. Yes, sir; in Belgium quite as much as here, however.

Mr. GAINES. Where do you sell the product of your Belgian factory?

Mr. CLAUSE. All over the world. A little of it comes here, but otherwise it goes all over the world.

Mr. GAINES. How large is your Belgian factory as compared with your American?

Mr. CLAUSE. It is about the size of the average American factory. There are some factories that are larger, but it is about the same size as the average factory.

Mr. GAINES. In addition to the translation which was made by Mr. Cockran from the Belgian report of 1907 on manufactures I have had translated for me this additional matter, which I wish to go in the record, from the report on the manufacture of glass published in 1907 by the Belgian department of the interior and labor, page 207:

The plate-glass industry has passed during the recent years through various times of crisis and prosperity. In 1900 a selling syndicate existed, comprising the Belgian, French, German, and Italian factories. This syndicate lasted only ten months. From 1901 to 1904 the constant increase of production and competition caused a decline in prices, reaching 3 francs on the average value of a square meter. This resulted in a more and more critical situation to which the new International convention of August, 1904, and which was still in existence in 1907, put an end. [This syndicate has been signed to last until 1914.] As a consequence of this understanding, and thanks to slight monthly idle days, the production maintains itself in normal condition. At present the plate-glass industry is in a very prosperous situation. * * *

The present production of the 8 Belgian plate-glass factories exceeds one-fourth of the total world's production. As to the 24 Belgian, German, French, and Italian factories which are parties to the syndicate, they manufacture more than one-half of the world's production.

Approximately 90 per cent of the plate glass produced is exported. Two-thirds of this production is intended for the United States, England, and its colonies. * * *

Business with France and Germany is very small because of the high duties—6 francs in France and 7.50 francs in Germany per square meter, which represents, respectively, 50 per cent and 60 per cent of its value.

Is that in accordance with your observation of the trade, that the syndicate that regulates the selling price composed of the plate-glass producers of Belgium, France, Germany, and Italy produces 50 per cent of the plate glass produced in the world?

Mr. CLAUSE. The factories of what countries?

Mr. GAINES. Belgium, Germany, France, and Italy.

Mr. CLAUSE. That they produce 90 per cent of plate glass used in the world?

Mr. GAINES. No; more than half of the world's production.

Mr. CLAUSE. I suppose the factories in those countries do produce half of the world's production.

Mr. GAINES. This says more than half.

Mr. CLAUSE. Yes; I suppose it is more than half.

Mr. GAINES. Then more than half of the world's production of this article is controlled by a foreign syndicate which regulates prices?

Mr. CLAUSE. Yes; whether it is half or more I do not know.

Mr. DALZELL. What is that translation from?

Mr. GAINES. It is a translation from this same book from which Mr. Cockran had a translation made, continuing the translation that Mr. Cockran had made.

Mr. DALZELL. It is the next paragraph, is it not?

Mr. GAINES. Yes; the next paragraph.

Mr. CLARK. Why do you not read it?

Mr. GAINES. I read that portion which I had translated, following the part which Mr. Cockran had translated.

The CHAIRMAN. Are there any further questions?

Mr. CLAUSE. If there is nothing more, there is one word I wish to say in conclusion.

The CHAIRMAN. Proceed.

Mr. CLAUSE. We have tried to give you facts here, and if there are any things that are inconsistent in your own minds, or if any statements are made here by others which by reason of lack of explanation seem to be inconsistent with these facts, I will esteem it a favor if you will allow me to help you to straighten up any apparent contradictions that may come up.

Mr. CLARK. Mr. Clause, if you will permit me to make this suggestion, if you will get the notes of this evidence given here to-day, of the questions and answers, and sit down and carefully elaborate them and get the facts and figures straight which have been given in a general way, it would throw a great deal of light on the subject.

Mr. CLAUSE. I think you gentlemen have the facts pretty well, now. The thing I was afraid of was that there might be some things which looked inconsistent to you. If so, it is because they have not been explained.

Mr. CLARK. Some of these newspapers claim that this committee bulldozes everybody that comes in here. I think you can bear testi-

mony to the fact that you have been treated as courteously as ever you have been in the supreme court of Pennsylvania, or anywhere else.

Mr. CLAUSE. Yes, gentlemen; I wish to compliment you and thank you for the very courteous treatment I have received.

The CHAIRMAN. You must make allowances for the newspapers. News is scarce.

Mr. CLARK. I know, but I refer to editorial statements.

The CHAIRMAN. There is a scarcity of that.

STATEMENT OF HON. ETHAN ALLEN HITCHCOCK, OF ST. LOUIS, MO., REPRESENTING THE PITTSBURG PLATE GLASS COMPANY.

Mr. HITCHCOCK. Mr. Chairman and gentlemen, I will detain you only a few moments to make a short statement showing the development of the plate-glass industry in this country, with special reference to the consumer. There has been a good deal said about labor, and stockholders, and so forth. Now, I want to say a word about the consumer.

Close personal identification with the manufacture of plate glass, in all its various stages, since its introduction into this country, thirty years ago, enables me, I think, to speak advisedly regarding this industry, as the result of my observation and experience during that period.

Let me first assure you, however, that the promised revision of the tariff, so far as it affects this industry, meets the entire approval and will receive the hearty cooperation of the Pittsburg Plate Glass Company, on the lines we have indicated.

Let me further state, in contradiction of the rumor which has gained circulation from time to time, that there is no combination or trust "in restraint of trade," so far as I know, among the American producers of plate glass, but, on the contrary, the requirements of the Sherman antitrust law are being complied with in every particular.

On the other hand, it is a well-known fact that a combination exists abroad by which the foreign manufacturers have agreed to such a range of fixed prices for other markets as will enable them to dump their small sizes upon the American market at figures far below our cost and still make a large average profit on the sales made here and abroad by them, their balance sheets published in 1907 showing profits as high as 49 per cent.

When the plate-glass industry was started in this country consumers were dependent entirely upon the imported article, for which they had to pay the extraordinary price of from \$2 to \$2.50 per square foot, thus restricting its use almost exclusively to such public and private buildings as could afford such luxuries.

Later on, the development of this industry resulted in the building of two or three or more new factories, upon the discovery and use of natural gas in Pennsylvania and Indiana, thus placing those factories that were dependent upon coal for fuel, as against natural gas, at a decided disadvantage, which in turn resulted in a fierce competition, precluding the possibility of any profit, the prospect for which at this point depended more upon a reduction in cost than an attempt to maintain market prices, which were, of course, lower.

I need not go into the various experiences, trials, and disappointments which characterized this period of the industry, but it was soon discovered that the absence of skilled labor, the crude appliances unavoidably in use before the introduction of electricity and the latest modern methods, necessitated such increase and application of new capital as to make the relative relation of investment to profit such as would be considered entirely disproportionate and unsatisfactory in any other line of manufacture.

Meanwhile, struggling under such complications and material disadvantages, the plate glass companies came to Congress and asked for such tariff relief as would at least place their industry upon a safe and reasonably profitable basis.

Without wearying you with a detailed account of the efforts made in this direction, I merely state that, as the result of tariff legislation and wide-awake, up-to-date improvement and management in the process of manufacture, polished plate glass is now being offered and sold to the consumers of this country at from 10 per cent to 15 per cent of the price formerly exacted by the importer.

This industry has given employment to thousands of workmen in the 7 factories owned by our company and the 11 plants owned by our competitors and to the labor which produces the material, raw and manufactured, from which plate glass is made, such as coal, sand, soda ash, limestone, etc., so that the entire cost of making and paying for plate glass has remained here instead of being sent abroad, as heretofore, to the extent of millions of dollars.

From the foregoing it must, I think, be admitted that the protection against this particular industry has not been misplaced, as plate glass, which was once a luxury, has now become a necessity, because it can now be, and is, furnished to the consumer at about one-eighth of its former cost, thus enhancing the rentable and saleable value of his property and greatly beautifying the architectural appearance of the modest home, as well as the towering office building.

So much for the consumer, but how about the stockholder?

I again assert that the capital necessary to repair, remodel, and replace existing plants, together with the increasing cost of up-to-date methods, material, and machinery, is out of all proportion when compared with similar expenditures in foreign countries and the lowered prices and net results of this industry at home, as is proven by the dividends earned and paid during the past thirty years' struggle which it has had to contend with, and which has not returned an average of 3 per cent on the investment for that period. The average dividend paid on the stock of our company since its organization has been $4\frac{1}{2}$ per cent upon the capital stock, which represents actual cash invested.

And now you ask, "Well, what do you want?" to which I reply, "Simply one fixed, flat rate on all sizes of polished plate glass, as the best and only means of providing reasonable protection for the industry."

It costs just as much per square foot to make a small sheet of plate glass as a large one, but when it comes to selling small sizes, the price realized is below all reason and absorbs the profit on the larger sizes.

There is no way to avoid the accumulation of small glass through unavoidable breakage and shrinkage from the beginning to the end in the process and progress of the large sizes through the factory.

Setting aside all sentiment, the question of fair play, national pride in the establishment of this industry, and the consideration of political expediency; but, on the other hand, treating our position on a plain, straightforward business basis, we respectfully claim that the American market belongs to the American manufacturer, as long as he deals promptly, fairly, and justly with the American consumer, who, by the permanent establishment in this country of the plate-glass industry, has been furnished with an abundant supply of its beautiful and useful product at about one-eighth of the price he had formerly to pay.

Mr. CLARK. Is your company a part of the Pittsburg company?

Mr. HITCHCOCK. Yes, sir.

Mr. CLARK. And the number you name as being in it are all branches of the same company?

Mr. HITCHCOCK. They are all owned by the same company.

The CHAIRMAN. There are representatives here of some eleven companies. Is there anyone who desires to be heard?

Mr. KANN. I am one of the representatives of those companies, Mr. Chairman.

STATEMENT OF MR. W. L. KANN, REPRESENTING THE PENN AMERICAN PLATE GLASS COMPANY.

Mr. KANN. I represent the Penn American Plate Glass Company. Mr. W. J. Vance, of St. Louis, representing the Allegheny Plate Glass Company; Mr. H. J. Trautman, representing the Standard Plate Glass Company, and myself constitute a committee representing these eleven companies, and that committee presents this brief which is before you.

Mr. COCKRAN. Have you the Treasury figures showing the growth of the native industry, Mr. Chairman?

The CHAIRMAN. No; I have not.

Mr. COCKRAN. We can get that, can we not?

The CHAIRMAN. Yes.

Mr. UNDERWOOD. The other day you stated, Mr. Chairman, that you had called on the statisticians for a statement of the amount of production in each of these industries, and that it would be printed.

The CHAIRMAN. That was of the production for the year 1907.

Mr. UNDERWOOD. Has that been printed as yet?

The CHAIRMAN. No; it is being done, and the proof corrected by the Census Office. I do not know how far it has progressed. The printer must have had it in hand for two or three days.

Mr. COCKRAN. The Census Bureau has it in hand?

The CHAIRMAN. Yes; the Census Bureau.

Mr. COCKRAN. Mr. Kann, before you begin, does this list of companies that you have here on the outside of your brief embrace all the plate-glass companies in the United States that are not in this Pittsburg Glass Company?

Mr. KANN. That is correct, sir; and I only represent them as one of a committee of three that was asked to come here.

The CHAIRMAN. Proceed, Mr. Kann.

Mr. KANN. Mr. Chairman and gentlemen of the committee, in asking your consideration of the necessities for tariff revision as applying to the manufacture of plate glass, in order to take up as little of your time as possible, we appear before you representing eleven manufacturers, viz, Penn American Plate Glass Company, of Alexandria, Ind.; Standard Plate Glass Company, of Butler, Pa.; St. Louis Plate Glass Company, of St. Louis, Mo.; Allegheny Plate Glass Company, of Glassmere, Pa.; Heidenkamp Mirror Company, of Hite, Pa.; Kittanning Plate Glass Company, of Kittanning, Pa.; Columbia Plate Glass Company, of Blairsville, Pa.; the Edward Ford Plate Glass Company, of Rossford, Ohio; Saginaw Plate Glass Company, of Saginaw, Mich.; Federal Plate Glass Company, of Ottawa, Ill.; and the American Plate Glass Company, of Kane, Pa.; and referring specifically to paragraph No. 104 of the Dingley tariff bill, we beg to call your attention to the fact, as shown by the reports of the Treasury Department, that during the year 1898 there were imported into this country a total of 696,835 square feet of plate glass, of which 278,728 feet came in under the Wilson bill and 418,107 feet under the Dingley bill. These figures have grown in nine years, including the year 1907, to the enormous proportions of 40,196,015 feet, or an average per year of 4,466,224 feet. Of this amount 35,567,208 feet was under and including glass containing 24/60 inches, a yearly average of 3,951,884 feet, paying a duty of, respectively, 8 cents, 10 cents, and 22½ cents per square foot; and 4,628,605 feet over 24/60 inches, or a yearly average of 514,289 feet, paying a duty of 35 cents per foot.

It will be seen by an examination of these figures that for some good reason the American manufacturer of plate glass did not supply this large amount of glass for which there was a home demand in excess of what he did supply. The reason was he could not without entailing a very considerably greater loss than he did, for it is a fact that the American manufacturer during these nine years did sell a very large part of his production, amounting to more than 60 per cent of the whole, in competition with the foreign-made glass, upon which he did not realize the cost of manufacture.

The foreign manufacturer enjoys decided advantages over the American manufacturer in the cost of labor, he paying on an average one-third what is paid on the average to the American employee; the foreign labor is more skilled, having been attached to the industry for many years and seldom making a change, positions oftentimes going from father to son.

The factories abroad are all located practically in one district, whilst in the United States they are scattered over six States. And in the competition for trade amongst the American manufacturers they are compelled to allow freight equalization to distributing centers, which amounts to from 5 to 7½ per cent of the selling price, adding so much to the cost. This the foreign manufacturer escapes. In addition to this the railroad companies abroad make special rates on their product to the seaboard, and the ocean carriers make rates from their seaboard to the inland consuming and distributing cities of the United States as low as the American manufacturers can obtain from their factories to these same points. As an illustration, the freight rate from Antwerp to Chicago was 35 cents per 100 pounds,

whilst the rate from the Pittsburg district to Chicago was 39 cents per 100 pounds.

During these nine years the demand for glass has increased considerably. It is also a fact that the cost of making the same has been materially increased in wages and materials entering into cost of production.

Referring to the imports in the 24 by 60 inch brackets paying a duty of 22½ cents per foot, you will note they have grown until they now are greater than the imports in all of the brackets, including all over 24 by 60 inches, were in the year 1899.

It is, therefore, self-evident that the present duty, as imposed, is not constructed to protect the American manufacturer. When he is compelled to sell the large proportion of over 60 per cent of his product at less than actual cost, a parallel condition, we question if it exists in any other manufactured products enjoying the supposed benefits of a protective tariff.

It must be understood in the manufacture of plate glass that it costs as much and more, relatively, to produce a small sheet than it does a large one from the fact that small glass is largely the result of accident and breakage in the course of manufacture, and oftentimes the result of poor operations, necessitating cutting the large plate for defects, and, as all sizes must go through the same mechanical operations requiring materials, labor, fuel, power, and supervision, the smaller the piece the more expensive in handling and care in preparation for packing, etc. This basis is the same abroad as it is here, therefore a more equitable tariff to be more uniformly protective would be a flat rate on all sizes, irrespective of dimensions.

The reports show that during the enforcement of the Dingley tariff the glass at 8 and 10 cents duty has increased very largely, and further, that the imports in the 24 by 60 inch brackets paying a duty of 22½ cents per foot has likewise grown very considerably; hence our product is not on a fair competitive basis with foreign-made glass at that rate, and that a revision of the tariff imposing a flat rate, should not be less than 25 cents per foot. We are willing to concede a reduction in the 35-cent rate if the flat-rate principle is adopted. This would result in the American manufacturer receiving a fair average price for all of his product, which he certainly is entitled to instead of the condition existing at present, whereby he is compelled to dispose of more than 60 per cent of his output on which he has never realized a profit. Should the new tariff, as suggested, result in a decreased amount of imports, this still would produce a very considerable revenue to the Government.

If the changes which we suggest are adopted, a corresponding one should be made in paragraph No. 102, covering cast, polished silvered, cylinder, and crown glass plates. And a portion of paragraph No. 112, covering mirrors not exceeding 144 square inches, this in order to prevent importers from evading the proposed tariff by bringing in large quantities of glass under these paragraphs.

The American manufacturer is compelled to dispose of his products in his home market, it being impossible for him to export and meet the prices of the foreign manufacturer with his smaller cost of production, and the benefit of trade agreements, sanctioned by his Government, which enable him to keep up prices on his product for his home market and other countries outside of the United States, so

that he can dispose of his surplus in the United States and other competing markets at low prices, enabling him to run his plant at a profit.

It is a fact that during the last six or eight years, whilst the American manufacturer was operating at a loss or no profit, the foreign manufacturers have made more money than at any prior period of their existence as an industry, paying their dividends, laying by large surplus, improving and modernizing their works from profits earned, while the American manufacturer ran his plant at a loss and, when finding it necessary to make improvements, was and is yet compelled to do so with new money furnished by the stockholders, who in many cases have never received their first dividend. Out of the eleven companies, seven have never paid any dividends, one has paid three 1-per cent dividends, and the remaining three have paid moderate dividends at intervals.

The investment of plants in this country is very much greater per square foot production than it is abroad. The maintenance more expensive, and, altogether, we feel that we are safe in saying that no other staple American product has had so long a struggle to arrive at a profit basis in reasonable keeping with the capital invested and the necessities of their business. If we can secure for the American manufacturer at least a reasonable portion of the business heretofore and up to the present time going abroad, we hope to secure the advantages to which we are entitled.

Mr. BOUTELL. You stated the rate from Pittsburg to Chicago and from Antwerp to Chicago?

Mr. KANN. Yes, sir.

Mr. BOUTELL. Two or three other witnesses who have given comparative rates have stated those same figures. What is the present rate from Alexandria, Ind., where your works are, to, say, Madison, Wis.?

Mr. KANN. Really, I can not answer that.

Mr. BOUTELL. Can you take any other place within a radius of 200 miles of Alexandria, Ind., and give us the rate?

Mr. KANN. The rate from Alexandria to Chicago is about—

Mr. BOUTELL. I mean outside of the places you have given me there already?

Mr. KANN. I was talking about Alexandria. The rate mentioned here is from Pittsburg to Chicago.

Mr. BOUTELL. Yes, I understand; from Pittsburg to Chicago and from Antwerp to Chicago. I want to get a rate from Alexandria, Ind., to some other point.

Mr. KANN. What other point?

Mr. BOUTELL. I suggested Madison, Wis. I just happened to think of that place, I do not know why. Take Cairo, Ill.

Mr. NEEDHAM. Or take it to Pacific coast points.

Mr. KANN. The rate from Alexandria to Pacific coast points is 50 cents a hundred; but they make those rates from all points east of the Mississippi the same to the Pacific coast.

Mr. BOUTELL. I wanted to find out whether there was the same comparison between your points of shipment that there was between Antwerp and Chicago.

Mr. KANN. Yes; I can relieve your mind about that; the tariffs we will submit to you will give you the tariff from the factory districts to those other points. When you speak of Cairo, that is scarcely a fair illustration, because there is no jobber located there and no tariff is established. The distributing points at which they would try to arrive from abroad would be such points as Detroit, Grand Rapids, Chicago, or St. Louis, or places where there is a large consumption of glass, or distribution.

Mr. BOUTELL. Yes.

Mr. KANN. To all those points we will give you the rates from the Pittsburg district, where there are 11 factories, and we will give you the same rates from Alexandria, which is an equalizing point, and one from the Michigan factory, and that will give you an idea how those rates compare with the foreign rates.

Mr. BOUTELL. State it in general terms if you can not answer it specifically. Take the rate from your factory at Alexandria, Ind., to Madison, Wis., which was the first illustration I gave. Should you say that your rate from Alexandria, Ind., to Madison, Wis., was greater than the rate from Antwerp to Madison?

Mr. KANN. Without making a positive answer on something that I am not posted on, I would say, on the general proposition, I think it would be greater.

Mr. BOUTELL. You are at a disadvantage?

Mr. KANN. Yes, sir.

Mr. BOUTELL. You spoke of selling to jobbers. Is that the customary method of selling by the first-class factories?

Mr. KANN. The 11 companies which are represented by the committee of which I am a member do the bulk of their business selling to the jobbers of the United States.

Mr. BOUTELL. So that when an architect gets bids or a builder gets bids on a small scale he gets them not from the factory, but from the jobber?

Mr. KANN. As a rule; yes, sir.

Mr. BOUTELL. In the shipment of glass from the factory to the jobber where does the shipper's risk for breakage terminate and where does the consignee's risk for breakage begin?

Mr. KANN. The custom is to ship glass at the consignee's risk.

Mr. BOUTELL. At the risk of the consignee?

Mr. KANN. Yes; but it is a question of whether you are released. There is a form on the general bill of lading which makes it obligatory for the shipper to either release, which means that the rate is that much less, or take the risk himself, as the case may be. It sometimes is an insured risk. So it is a question of agreement more than anything else.

Mr. BOUTELL. What is the practical thing that shippers try to bring about?

Mr. KANN. That the risk is on the manufacturer.

Mr. BOUTELL. That the risk is on the manufacturer?

Mr. KANN. Yes.

Mr. BOUTELL. And you try to put it on the consignee?

Mr. KANN. No; we do not try to.

Mr. BOUTELL. I was trying to state what you said.

Mr. KANN. If we make a delivery, of course the risk would go with the shipper, but we have tried to be a little more specific because we

compete from different centers. We have tried to sell our goods f. o. b. shipping points from the factory, but from the fact that a factory like ours located in the Middle West is compelled to compete with a factory located in the Pittsburg district for shipments and trade located in Newark, N. J., or in New York, or in Boston we have found that the only way we could arrive at quotable prices without knowing what the rate was would be by having centers, and people shipping into the plate-glass company's district in St. Louis, Mo., would make their rate equalize at our point at Alexandria.

Mr. BOUTELL. If you succeed in selling f. o. b the factory, that is at the consignee's risk?

Mr. KANN. Yes, sir.

Mr. BOUTELL. Where does the shipper's risk in Belgium terminate, in selling goods from Belgium to New York?

Mr. KANN. The custom years ago was that they got their money before they shipped the goods; and they took no risk, no shipping risk, and no credit risk or no risk of any kind; but to-day they will put that glass into a warehouse in Cincinnati or Chicago, put it there at their own risk, and pay the duty.

Mr. BOUTELL. So now outside of the freight and the duty there is the shipper's risk on breakage. Is not the risk on breakage from Belgium to that warehouse a great deal greater than the risk the American manufacturer undergoes?

Mr. KANN. No.

Mr. BOUTELL. In selling goods f. o. b. the factory?

Mr. KANN. No; and that is the point I want to make.

Mr. BOUTELL. I thought when I asked that question it would answer itself.

Mr. KANN. I am afraid if I were to take that as a categorical question it would not be explanatory. The glass which comes from abroad in large quantities is small glass, and that is packed in cases low down, perhaps lower down than that desk [indicating], on the average. That glass can be handled pretty safely, while the glass that is shipped from the local points through the country is shipped in all sized cases, from that size up, and it is unloaded at all points, at many of which they have not unloading facilities and things of that kind. Of course where it is a shipment of a carload, they pack it at the factory, and of course the railroad company takes very little risk and the consignee takes very little risk; but the foreign glass that comes over here is at their risk, and their risk is less. If there is any risk it is minimized, because it goes right into the warehouse on the dock.

Mr. BOUTELL. You heard the testimony of Mr. Clause that the increase which the plate-glass manufacturers were asking for would not, if his wishes prevail, be carried forward entirely to the laborers in the factories. Do you also agree with that view?

Mr. KANN. I did not quite catch that, if you will pardon me.

Mr. BOUTELL. He said that if we increased the duty, the whole of the increase in the price which the American producers could charge would not inure to the benefit of the laborers in the factories; that the stockholders themselves wanted some of it, and, if I caught the last words of his sentence, he said that they were crying for it.

Mr. KANN. That they needed it very badly; yes, sir.

Mr. BOUTELL. We have been listening to testimony for nearly three weeks of people who have come here voluntarily. Nobody has been sent for. All those who have come here have come voluntarily, and I think that the testimony taken uniformly shows that no increase of duties would inure to the laboring men, and no decrease of duty would inure to the benefit of the ultimate consumer; so that it appears that whatever we do to the tariff, whether we raise it or we lower it, there is just one class of people for whose benefit we are asked to do it, and you belong to that class.

Mr. KANN. That is, the poor manufacturers. I do not believe that that is quite a logical deduction. In the first place, the American laborer in our industry has discounted that condition for quite some time. He has participated to quite a large extent in the increase paid to the American laborer. We do not begrudge him that, of course, but we are getting tired of carrying the whole burden of that ourselves. The consumer has gotten a very fair share of the burden we have carried, because he has been gradually getting the benefit of the lower prices on products for himself. As Mr. Hitchcock says, when he first went into the business the public were paying for glass \$2.50 to \$3 a foot. It has come down until it is within the reach of every man who wants to buy it to-day. There must be something that was instrumental in bringing about that condition, if we are paying the average fair wage to our employees, and I think we are doing that.

Mr. BOUTELL. When we go into the view on the subject you have now, we are going a little far afield from the subject. I not only concede, but I maintain, that the consumer in this country is benefited by the protective system, and it seems beyond peradventure that the workingman has benefited by the protective system in this country; but what I want to call attention to now is the intensely practical question as to who is to be benefited by the tariff revision that we are to make at the present time. There is almost what you might call a clamor for a revision for the benefit of the consumer, and I have simply directed attention to the fact that witnesses who have come here voluntarily have so far been unable to make out that there would be any benefit from any reductions that have been asked for, to the ultimate consumer or the user of the product, and it now appears that in any increases that are asked there would not be that benefit to the laboring men that has followed the policy of the protective system in the past. What I wanted to direct attention to was the practical contention not as to what the protective system has produced in the past, but as to what this special revision is to accomplish; and, of course, so far as you are concerned the question only relates to what you expect to accomplish by a revision. Supposing you get the exact changes that you ask for, what in your opinion will be the change that will take place?

Mr. KANN. That can not be answered by yes or no. I believe firmly, from my standpoint, and I have been connected with the industry for some years and know the business fairly well, that the demand for plate glass is growing very rapidly. We are getting accustomed to knowing that it is not a luxury, and it is down in price to where it can be had for almost any kind of a building. There are a great many collateral uses, such as for mirrors and things of that sort, and I believe we are going to have quite some increase, and a

natural one. I believe under the suggestions that come here of this change the imports are not going to cease; I believe there is going to be a very wholesome import, and I will tell you why, if you ask me, I believe there will be a revenue to the Government. I believe that it will not be as great as it is now, perhaps, but it is going to be very material. I believe that if we can get a portion of this business which has been going abroad, just as we state in that statement, it will employ two or three more factories, and it will keep these factories running full time. One gentleman said this morning that his factory had been running full. Our company had their factory idle five months this year. There has not been one that has not been shut down 30, 40, or 50 per cent of its production, and notwithstanding this stuff was coming in from the other side. If we could have taken that business it is very natural that we would, because the factories had the capacity and they had that surplus that would have supplied it. They could have made it. So I believe that it is not going to raise the price to the consumer. It is just going to allow us to get a profit, if it is possible, or a difference of price enough over what we have been getting on the small glass to prevent a loss, if we can get to that point, which does not come out of the consumer nor the United States Government, and we will be put in a position where we can run our business fairly profitably, and we will not have to come along and make a poor mouth. But I can see myself that I am not clear in my mind as to whether any sort of duty would stop that foreign glass coming in, because this is the natural place for them to put their surplus stuff.

Mr. CLARK. Why is it any more natural for them to put their surplus stuff into the United States than it is to put it into England or some other country?

Mr. KANN. I am glad of the opportunity of answering that question. There is no other country in the world that takes that kind of stuff except the United States.

Mr. CLARK. Do they not use plate glass in England?

Mr. KANN. They do; but this great increase you hear about, which is shown by the government statistics, is in the one-to-three bracket, covered as it is by the 10 cent duty and the 8 cent and the 22½ cent. What they put into England is of a different class—it is larger pieces. They use it there more for glazing. It is not so high grade.

Mr. CLARK. To get right down to the facts of the case: Do they not make as many mirrors and things of that kind out of plate glass in England as in the United States?

Mr. KANN. Not by any means.

Mr. CLARK. England is the greatest manufacturing country on earth. Do they not buy as much plate glass and make as many of those things out of plate glass as they do in this country? They buy the raw material and manufacture it, and compete with the very fellow that sold them the raw material.

Mr. KANN. They use a great deal of plate glass there for mirrors, but nothing at all by comparison.

Mr. CLARK. Antwerp could dump its extra stock in Australia as cheap as in this country?

Mr. KANN. Yes; and get as cheap ocean rates. But what are they going to do with the glass there?

Mr. GRIGGS. Are there no women in Australia?

Mr. KANN. They are a little scarce; there are not as many as there are in the United States.

Mr. COCKRAN. Do you agree with your predecessor on the stand as to the labor cost of this product?

Mr. KANN. Practically so; yes, sir.

Mr. COCKRAN. And you agree also with him, I understand, in view of your answer to Mr. Boutell, that this raise is not in the interest of the laborer, but in the interest of the stockholder—it is not sought in the interest of the laborer, but in the interest of the stockholder?

Mr. KANN. I do not want to be committed to an answer that I could not give to that question without an explanation.

Mr. COCKRAN. I would not mind the explanation if I could get at the meat of the matter.

Mr. KANN. I will give it to you. The laborer will, in the first place, be given employment. That is to his benefit.

Mr. COCKRAN. Yes.

Mr. KANN. He has been given the advance largely ahead of the manufacturer.

Mr. COCKRAN. This is recouping the manufacturer for benefits already given?

Mr. KANN. No, sir; that is an irretrievable loss. If he has not charged it off, it is time he did do it.

Mr. COCKRAN. But this would be giving him a profit.

Mr. KANN. He has been making no profit.

Mr. COCKRAN. I thought you said he made 1 per cent.

Mr. KANN. I said there were three concerns that paid only 1 per cent dividends after being in business seven years.

Mr. COCKRAN. Surely you would not have us believe that those companies have been running at a loss?

Mr. KANN. I want you to understand that absolutely as my proposition, and I would not be here answering you and other people that way if I was not convinced of the fact.

Mr. COCKRAN. You say that these eleven companies have been running at a loss for seven years?

Mr. KANN. No, sir; not eleven companies.

Mr. COCKRAN. How many?

Mr. KANN. I said of the eleven companies seven of them had never paid a dividend.

Mr. COCKRAN. I know; but the nonpayment of a dividend is not by any means conclusive proof that they have not been earning money.

Mr. KANN. I do not see how managers or boards of directors or officers of a company could hold their jobs and get salaries from the stockholders if they were earning money and did not declare a dividend; but outside of that fact, they did not earn dividends.

Mr. COCKRAN. Do you mean to say that they have been running at a loss?

Mr. KANN. Yes.

Mr. COCKRAN. From what was that made good?

Mr. KANN. It has not been made good.

Mr. COCKRAN. Either the companies must be bankrupt or the losses must have been made good.

Mr. KANN. Fortunately or unfortunately for the people of the United States, the people who have become stockholders in the plate-

glass companies have been easy marks and have kept putting up money.

Mr. COCKRAN. Now we understand; the losses have been made good from capital.

Mr. KANN. Yes.

Mr. COCKRAN. In what way was the capital contributed to make good the loss?

Mr. KANN. I can not answer for the other companies outside of mine.

Mr. COCKRAN. Just take yours?

Mr. KANN. Yes.

Mr. COCKRAN. As I understand it from you, there has been a steady loss every year?

Mr. KANN. No; I did not say that anywhere in my statement. I say that a number of the companies have never paid any dividend, and as to those companies I would say that they have never made a profit, but a steady loss.

Mr. COCKRAN. You are not connected with them, are you?

Mr. KANN. No, sir.

Mr. COCKRAN. Your evidence is not good on that.

Mr. KANN. No, sir; that is the reason—

Mr. COCKRAN. Let us confine ourselves to your company, about which you know everything.

Mr. KANN. Yes.

Mr. COCKRAN. Has that company been conducted at a loss for the last ten years?

Mr. KANN. No, sir.

Mr. COCKRAN. It has made a profit?

Mr. KANN. Some years.

Mr. COCKRAN. It has made a profit, so that it has not had to make up a deficit by reason of losses in operation?

Mr. KANN. We have spent a large amount of money for rehabilitation and replacement of our plant.

Mr. COCKRAN. Is that represented by stock?

Mr. KANN. No, sir; it is represented by a debt that must be refunded into new money if we do not get to making profits on our plant pretty soon.

Mr. COCKRAN. Your business has been run at a loss for ten years, and that has resulted in what is called a "floating debt;" am I right in that?

Mr. KANN. Yes, sir.

Mr. COCKRAN. What is the amount of that?

Mr. KANN. I do not want to be discourteous, but I do not think that answers any purpose here.

Mr. COCKRAN. But it does. I do not insist on the answer if it embarrasses you.

Mr. KANN. I can not see—

Mr. COCKRAN. Let me finish and tell you why it does. You can see if your floating debt was a matter that amounted to 10 per cent even now on your capital, it would represent an annual loss of 1 per cent, and that would be one thing. On the other hand, if it was a mere negligible one, it would be another. That is the reason I pounded the question.

Mr. KANN. I do not think it would serve this body in any respect to know the details of that. In a broad, general way our company has been in existence twenty-five years, and I have been identified with it ever since its inception, and have had more or less to do with its manipulation ever since it has been in business. We made money for four or five years, when there was practically less competition, from the fact that the glass was not so plentiful as it is now. In the later years, in the last four or five years, we have made no money. We have been put to the necessity of spending money for the purpose of making goods in some portions of our plant, trying to economize and reduce the cost, which meant an expenditure of new money and high cost while we were making these improvements. That is our case.

Mr. COCKRAN. Let me ask you this: This will not go into any of the secrets of your business. Your stock is not on the market at all?

Mr. KANN. No, sir; it is a close corporation.

Mr. COCKRAN. It is not for sale?

Mr. KANN. Yes; I would be glad to have you identified with the company by selling you some of my stock.

Mr. COCKRAN. It is not on the market?

Mr. KANN. No, sir.

Mr. COCKRAN. You are not in the hands of a receiver?

Mr. KANN. No, sir.

Mr. COCKRAN. You have done business for fourteen years?

Mr. KANN. Yes.

Mr. COCKRAN. And you are not broke?

Mr. KANN. I do not want to admit it here in public at any rate. I have not paid my hotel bill here yet.

Mr. COCKRAN. And you have made no new issues of stock in those fourteen years, have you?

Mr. KANN. No, sir.

Mr. COCKRAN. Or of bonds? These are all matters of record, so that I am not asking you to disclose anything of a private character. You have made no issues of bonds?

Mr. KANN. Yes; we have made an issue of bonds.

Mr. COCKRAN. Was that to make good a deficit, or to extend your operations?

Mr. KANN. To increase our operations and try to reduce our cost.

Mr. COCKRAN. And put you in a competitive condition on the market?

Mr. KANN. Yes.

Mr. COCKRAN. I understand you have testified that the railway rates are excessive. Is that what you said—that the railway rates imposed on you here are very excessive in comparison with the rates on goods imported from the Atlantic seaboard to Pittsburg; that the rates from Pittsburg west are, in your judgment, excessive?

Mr. KANN. No; I did not say that they were excessive, but I say that the foreign manufacturer gets a very much lower rate by comparison.

Mr. COCKRAN. That is it.

Mr. KANN. It may be all right, but we do not get the benefit of it.

Mr. COCKRAN. I mean, by comparison, your rates are too high!

Mr. KANN. By comparison the foreign manufacturer gets a very much lesser rate, if that is what you mean.

Mr. COCKRAN. I mean are the rates charged to you from Pittsburg west high by comparison with the rates charged from the Atlantic coast to Pittsburg? Did I understand you correctly to say that they were?

Mr. KANN. The rate from the export point on the other side—from Antwerp—is about the same or less; that is, it has been up to a very short time ago less than the rate was at that time from Pittsburg or the Pittsburg district to Chicago. In other words, they got an ocean rate for nothing and a portion of the inland rate for nothing.

Mr. COCKRAN. And you got no portion of the inland rate for nothing?

Mr. KANN. No, sir; that is right.

Mr. COCKRAN. Therefore by comparison it was quite excessive?

Mr. KANN. Yes, sir.

Mr. COCKRAN. Do you not think that your remedy for that is to be obtained before the body charged with the equalizing of rates and not by compelling us to perpetrate another wrong, or at least to put another exaction on the community, because you have suffered one at the hands of the railroad?

Mr. KANN. I think it would be our duty as manufacturers to get redress from them if we could.

Mr. COCKRAN. Yes.

Mr. KANN. We have been before the Interstate Commerce Commission.

Mr. COCKRAN. You have been before them?

Mr. KANN. Yes; and you heard Mr. Clause, the president of that company, tell about that. They brought suit against several of the railroads on that very point, and fought it out very ardently, and consistently, and persistently.

Mr. COCKRAN. Now, without accepting Mr. Boutell's view, but on the other hand dissenting from it strongly, that protection has benefited both the consumer and labor, because I believe it has benefited neither but plundered both, I want to ask this question, based on your statement. I am quoting from your statement that under this proposed rate a wholesome importation would still be continued.

Mr. KANN. Yes.

Mr. COCKRAN. Might I ask you to define what you mean by "wholesome importation," from your point of view?

Mr. KANN. I had in mind, when I used that language, that there would be a great many plates coming over here of a specific size which it would be difficult at any time for this country to furnish, irrespective of the price, and which the foreign manufacturer probably would just as gladly furnish as any other size.

Mr. COCKRAN. I see.

Mr. KANN. They have (as has been told you here, I suppose) very much more careful operators, and they get better and more positive results; and there has been a standard established here of several sizes, one of them being 18 by 40, or 24 by 30, square inches, making 5 square feet. They are used as a standard in the furniture and in the pier-mirror business, and in frame goods. I do not believe that in this country they will ever be able, even if they could take it per foot, at a profit based upon what it would cost them, to take the quantities of that stuff that will be offered here. They could not do it to-day;

and I think that business is going to keep on increasing to such an extent that there will always be a very large importation of just those few sizes alone.

Mr. COCKRAN. But your idea of wholesome importation would be one that excluded altogether the importation of these smaller plates?

Mr. KANN. Oh, no; no, sir. I do not think it will do anything of the kind. I do not believe that this duty, if it is imposed, will at all result in the excluding of the small glass. I think it will result in dividing it.

Mr. COCKRAN. Do you mean to say that the glass which pays now 8 cents could come in under a 22½-cent duty?

Mr. KANN. Yes, sir.

Mr. COCKRAN. Then what good will it do to put on this 22½-cent duty?

Mr. KANN. It will allow us to meet that competition.

Mr. COCKRAN. Meet it how? By keeping it out?

Mr. KANN. Oh, no.

Mr. COCKRAN. How will you meet it except by keeping it out?

Mr. KANN. When we are meeting it to-day by meeting the import price, we are getting less for our glass than it costs us to manufacture it. If there is added onto the duty this increased rate on small glass, it is going to make that glass cost them more money landed here. Now, I believe they will cut into that duty. I do not believe it will deter the Belgian manufacturer from cutting into that price, because they have all these other markets of the world to make good from, which we have not; and while this will give us some protection in that line, I do not believe it will cure the evil, because they have a place to "even up."

Mr. COCKRAN. But the effect of this tax that you are seeking to impose on it now is to raise the price of the article, is it not?

Mr. KANN. Yes.

Mr. COCKRAN. How do you say, then, that it will not affect the price to the consumer?

Mr. KANN. You do not understand; I did not say it would not.

Mr. COCKRAN. Then I misunderstood you. I take back the question. I understood you to say that.

Mr. KANN. It will raise the price to the consumer, perhaps, just to the extent that the duty raises the price per foot.

Mr. COCKRAN. Exactly.

Mr. KANN. But that will be very small after all, because in these various uses it is probably a 5-foot piece of glass, and if you should put the whole difference on there it would be 50 or 60 cents to a piece of glass.

Mr. COCKRAN. And you think a man would be a mean person who would consider that for a moment, as compared with the great advantage of allowing you gentlemen to make a lot of money?

Mr. KANN. I do, sir, when you take into consideration the fact that this is a portion of a piece of furniture or a frame or a hatrack or something, that costs in the total \$10, \$15, \$20, \$50, or \$100 as a piece of furniture; and the whole difference, which would save this industry from loss, would be 50 cents.

Mr. COCKRAN. It would increase your dividends?

Mr. KANN. No; it would not increase them. It would give us dividends.

Mr. COCKRAN. It would give you dividends?

Mr. KANN. Yes.

Mr. COCKRAN. If you have not declared any so far, it would certainly be an increase, would it not?

Mr. KANN. An increase from nothing to something—yes.

Mr. COCKRAN. That is all.

Mr. LONGWORTH. What countries impose a flat rate?

Mr. KANN. Germany does.

Mr. COCKRAN. It says here that Germany and France do so; that in France and Germany the rate is 6 and 7½ francs.

Mr. LONGWORTH. Is that a square foot or a square meter?

Mr. KANN. It is based on the square foot. Of course their basis of measurement over there is the meter, altogether.

Mr. LONGWORTH. That is what I want to know.

Mr. COCKRAN. It says "square meter."

Mr. LONGWORTH. This duty of 7 marks is the German tariff duty, is it not?

Mr. COCKRAN. No; in France and Germany both they put them in francs—6 francs in France and 7½ francs in Germany per square meter.

Mr. KANN. Yes; per square meter.

Mr. LONGWORTH. What I want to get at is: What would that be equivalent to per foot? You ask, as I understand, for 25 cents a square foot?

Mr. KANN. Yes, sir.

Mr. LONGWORTH. A square meter contains about 10 square feet?

Mr. KANN. Yes; a fraction less, but for convenience call it ten.

Mr. LONGWORTH. Therefore the German duty will be approximately—

Mr. KANN. Twelve and a half cents per square foot.

Mr. LONGWORTH. Twelve and a half cents per square foot?

Mr. KANN. Yes, sir.

Mr. LONGWORTH. Then you are asking for just double the German tariff rate, and more than double the French tariff rate? That is all I want to know.

Mr. KANN. Well, pardon me—

Mr. DALZELL. What you are contending for is the method of importation?

Mr. KANN. Yes, sir. Pardon me, I should like to answer that a little more fully. The people who are engaged in the manufacture of plate glass in Germany, whether you call them a trust or an association, or whatever you choose to call them—the matter is referred to in that government record there—are not alone participating in that protection, or whatever else you may call it; but they have put a duty against their collaborators in Belgium to keep their product out of Germany, and to have the German field all to themselves.

Mr. LONGWORTH. I understand that. All I wanted to know was, what would be the equivalent?

Mr. KANN. Yes.

Mr. NEEDHAM. A gentleman representing the importers stated this morning that the whole of the importation into this country did not come in competition with the domestic product, being of a different character and for a different purpose. Is that true or not?

Mr. KANN. I do not believe that he answered the question intelligently. The reason that the glazing glass does not come into competition is that the factories make a certain product, and when they make their product, before it is cut into a specific size for a given opening, it is called a stock sheet; or, rather, it is the sheet of glass as it comes from the machines, and it is put into stock. The jobbers and the retailers located in this country can either draw their supplies from the factories by cut sizes or they can carry those sheets in stock and have them cut from them; but if they had to import their glass in that condition from abroad they would have to take a chance on the cutting loss to cut down to the specific size, you see. That is the reason that the gentleman you refer to said that the tariff is prohibitive, because that sort of glass does not come in. They can bring it in under the price just the same as they can the cut size, but they would be simply inviting an uncertainty or a loss in doing that, which they do not need to take, because they can buy the cut size, which is a portion of this large importation, and that comes along and is used for glazing, more or less of it.

Mr. LONGWORTH. Did you state that it costs more to make a small pane of glass than a large one?

Mr. KANN. Yes, sir.

Mr. LONGWORTH. For instance, it costs more to make a square foot of glass than a piece of glass 10 feet square?

Mr. KANN. Not in that sense. The foot cost of making the glass is the same.

Mr. LONGWORTH. Of course I mean relatively.

Mr. KANN. Yes.

Mr. LONGWORTH. Would it cost less than one hundred times as much to make a piece of glass 10 feet square, 10 feet on each side, as it would to make a piece of glass 1 foot square?

Mr. KANN. A piece of glass 10 feet on each side is a very large piece of glass, you know.

Mr. LONGWORTH. I know it is.

Mr. KANN. But a piece 10 feet square is not a very large piece of glass.

Mr. LONGWORTH. I am referring to one 10 feet on each side. I want to know where it would stop.

Mr. KANN. If you take the factories which are constructed so that they can make large glass, they can make that large glass much cheaper than they can the small glass, because they have the facilities for making it. It is one operation, and they have a fewer number of men. They actually have a fewer number of men for the larger operation. It is done mechanically, by machinery, etc. The grinding and the polishing and the handling are done by machinery, so that if they do not have any bad results, which result in the breakage and the cutting down, they will make that large piece of glass for less money, comparatively, than they will the small piece.

Mr. LONGWORTH. What is the largest piece of glass you make?

Mr. KANN. That we make?

Mr. LONGWORTH. Yes.

Mr. KANN. We can make glass that contains about 180 to 185 square feet; and we have part of our facilities so arranged that we can make glass close onto 200 square feet. But the bulk of our product is glass that would average probably 165 feet if we got the plate out

whole into stock—if we did not have the results that have been spoken of here in the way of breakage either by accident or cutting defects. But to give you an insight into the general proposition, I will say that a factory that is built along the lines of intentionally making glass of, say, 185 feet to the plate would probably have to go into stock less than 20 square feet per plate the year round.

Mr. LONGWORTH. Is this a new development, that it costs less to make a large piece of glass than it does a small one? What I mean is, at the time the Dingley bill was passed it evidently cost more to make a large pane of glass than it did a small one.

Mr. KANN. I should like to say that I have always been at a loss to know who was responsible for the framing up of that bill or the one ahead of it, and what actuated that conclusion, unless it was the general principle that at that time there was very little demand for small glass here and the Belgian people, who were plate-glass makers of late years, did not value that at very much. They broke that up. You see, this demand for small glass has only sprung up in this country inside of the last ten or twelve years.

Mr. DALZELL. That classification as to sizes goes away back in the tariff laws for years and years.

Mr. KANN. Yes, I know that; but when they did frame the duty up they were beginning then to make small glass and bring it over, and I can not see upon what it was based. Of course the early efforts here were on large glass, and they wanted to have a protection on that, I suppose.

Mr. POU. I should like to ask you a few questions, if you please. I see there are eleven of these companies that you represent here.

Mr. KANN. Yes, sir.

Mr. POU. Can you give us about the aggregate capital stock of all of those companies? How much capital do the eleven companies represent?

Mr. KANN. I think they are capitalized for in the neighborhood of twelve or fifteen million dollars.

Mr. POU. Which one of the companies are you identified with?

Mr. KANN. The Pan-American.

Mr. POU. What is the capital stock of your company?

Mr. KANN. Two million dollars.

Mr. POU. It is incorporated, is it not?

Mr. KANN. Oh, yes.

Mr. POU. Has any of your stock sold below par within the last five years?

Mr. KANN. Our company is a private corporation and our stock is not quoted; but I believe you could have bought some of it below par if you had desired.

Mr. POU. All of these companies are engaged in the manufacture of the same kind of glass, are they not?

Mr. KANN. Practically; yes, sir.

Mr. POU. The prices quoted by all of them are practically the same, are they not?

Mr. KANN. No, sir.

Mr. POU. Can you buy any cheaper from one than you can from the other?

Mr. KANN. Yes; without very much difficulty at present. There has been an effort—

Mr. POU. What I want to ask now, as a matter of fact, is there any material difference in the price list of one of these companies as compared with the price list issued by another?

Mr. KANN. Not knowingly. Of course there are not very many companies in this business, and there are not very many buyers from them. They are jobbers that buy this product, and there is a very easy way of comparing prices without design probably.

Mr. POU. Yes.

Mr. KANN. Of course we try to get as much for our product in competition with the other man as we can.

Mr. POU. Certainly.

Mr. KANN. And, generally speaking, the price is about the same.

Mr. POU. Yes. That is so with reference to all these eleven companies?

Mr. KANN. Yes; I should think it would be.

Mr. POU. And the price which is listed by these eleven companies is practically the same as the price which the Pittsburg Plate Glass Company lists; is it not?

Mr. KANN. No; I think that has very little—

Mr. POU. There is very little variation in the price between any of you?

Mr. KANN. If you will let me explain, the Pittsburg Plate Glass Company are more largely distributors of their own products, and do not sell, as a rule, to the jobbing trade; and probably the price to which the gentleman referred this morning was a price to a jobber.

Mr. POU. Yes. And a jobber that wanted to buy plate glass could get it about as cheaply from one of these eleven companies as he could from another; could he not?

Mr. KANN. It would all depend upon how good a buyer he was. I have known of cases when there was as much difference as from 5 to 7 per cent on a very low price.

Mr. POU. But as a rule there has been no very material difference, I believe you said awhile ago?

Mr. KANN. Well, no; I did not mean to say that. I meant to say that there was no material difference at present.

Mr. POU. I beg your pardon; I misunderstood you.

Mr. KANN. Yes; there have been times when there has been no material difference, and there have been times when there has been a very great difference. And anticipating your further question on that line, if you will pardon me, I will say that we have constantly made efforts to get good prices and better our condition. It has been a desperate case many times. We have done that by all sorts of ways of trying to raise the price, without having any way to do it.

Mr. POU. The importation from abroad is what has kept prices down?

Mr. KANN. Yes, sir. That has been the governing thing, although there has been quite some accumulation from time to time. Some factories that were probably a little more eager to run full to keep their men employed, or what not, or probably keep together and keep their organization going to prevent them from going to pieces, or something of that kind, would run, and run full, and make a little cheaper product than the other fellow would make.

Mr. POU. Have the representatives of these 11 companies engaged in any concerted effort to put up prices?

Mr. KANN. These 11 companies?

Mr. POU. Yes.

Mr. KANN. They have made repeated efforts.

Mr. POU. That is, in cooperation with each other?

Mr. KANN. Yes. They would meet together in conference, and so forth; but they have never been successful in doing anything else but just holding a price when there was demand enough for the product.

Mr. POU. And the only thing that has kept you from consummating that effort—that is, the only thing that has kept these eleven companies from putting up the prices—has been the importation of this glass from abroad?

Mr. KANN. Oh, no, sir; I did not say that, and I do not want the committee to understand that.

Mr. POU. I am asking that question.

Mr. KANN. No, sir. It has been by competition among themselves that the price is controlled—the governing price.

Mr. POU. But did I not understand you to say just a minute ago that you had met together for the purpose of putting up prices?

Mr. KANN. No; I beg your pardon. I do not believe I said that. I would like to have the notes read if you think so.

Mr. POU. If you did not say that I am willing to be corrected.

Mr. KANN. I did not intend to; and if I did I should want to correct myself. I say that we have met on the price question as we have on others pertaining to our interests, etc., and we have attempted to put up prices, but have never been successful in doing it because of competition.

Mr. POU. Well, you tried?

Mr. KANN. Sure!

Mr. POU. And tried in cooperation, one company with the other?

Mr. KANN. Yes.

Mr. POU. That is exactly what I asked a minute ago.

Mr. KANN. But we did not meet for the purpose of putting up prices.

Mr. POU. But after you did meet you made the effort to do that?

Mr. KANN. We have always tried to better our condition.

Mr. POU. Why, certainly.

Mr. KANN. We have no such association as would govern the prices. We have no organization which makes the price binding upon each company, or the enforcement of any price.

Mr. POU. But these eleven companies did meet, and did attempt to put up prices in harmony with each other, in cooperation with each other? Is that true or not?

Mr. KANN. From time to time, in the course of years, they have made every effort to better their price.

Mr. POU. Yes.

Mr. KANN. And probably such an incident as the gentleman spoke of was the result of such an effort.

Mr. POU. Yes. Now I will ask you if the principal reason which caused you to fail to put up prices was not the importation from abroad?

Mr. KANN. That had a very material effect on the question as to what the price should be if they should put it up—how high it should be put up. But there was many times quite a margin before we would

reach—those were trade disturbances, which, of course, do not enter into this question. That was wholly to meet competition among the manufacturers themselves.

Mr. POT. I have no other questions.

Mr. LONGWORTH. Mr. Kann, you will pardon me for going back to this question of the little and the big pane, but I want to get it through my head. What can you profitably make a square foot of glass for?

Mr. KANN. A small foot, a foot of small glass, or a foot of general glass of all sizes?

Mr. LONGWORTH. A foot of plate glass, such as a good store wants.

Mr. KANN. You would have to take that as a collective proposition. You can not specifically say what you could make a foot of large glass for, because, as I have stated and would like to make clear, your foot production, your unit cost per foot or per thousand feet, as we figure it, is the same of all sizes. We take all the square feet produced at the various stages or at the final stage and divide it into the total cost of producing it, taking labor, material, fuel, factory superintendency, and all that; and if you go up the line to get the complete cost, taking insurance, depreciation, and all your overhead charges, your foot of glass will cost, then, so much a foot.

Mr. LONGWORTH. What I am getting at is this: How much would you sell a plate-glass window 20 feet long by 10 feet wide for? I understand that your factory can produce such a piece of glass.

Mr. KANN. Are you in the market for such a piece of glass?

Mr. LONGWORTH. No, sir. I want to know whether you would sell that for 200 times as much as you would a square foot of glass?

Mr. KANN. Oh, yes.

Mr. LONGWORTH. Or more?

Mr. KANN. Oh, yes.

Mr. LONGWORTH. More?

Mr. KANN. Yes.

Mr. LONGWORTH. How much more?

Mr. KANN. A plate of glass or a sheet of glass as big as you describe is a very unusual piece of glass. There is very little demand for it, to begin with.

Mr. LONGWORTH. Then I will cut it down to 10 feet by 5.

Mr. KANN. That is a little more within keeping. Of course it would not make the same difference there, because that is an ordinary requirement.

Mr. LONGWORTH. What I am trying to get at is this: You ask for a flat-rate duty on the ground that it costs more to produce 1 foot of glass than a larger quantity of glass. I want to know as to the selling price. If 20 by 10 is too much, I will make it 15 by 8.

Mr. KANN. That is 120 feet.

Mr. LONGWORTH. One hundred and twenty square feet?

Mr. KANN. Yes.

Mr. LONGWORTH. Would you charge one hundred and twenty times as much for that pane of glass as you would for 1 square foot of glass?

Mr. KANN. Oh, no. In order to bring it down to an actual transaction, probably—

Mr. LONGWORTH. Yes; that is what I want.

Mr. KANN (continuing). Because anybody is apt to buy a piece of glass—if you have a piece of glass 12 inches each way, that makes a square foot.

Mr. LONGWORTH. Yes.

Mr. KANN. That piece of glass could probably be bought for 20 cents.

Mr. LONGWORTH. That is just what I want to know.

Mr. KANN. Or 15 cents, as the case may be; but, say, for illustration, 20 cents.

Mr. LONGWORTH. Yes.

Mr. KANN. The other piece of glass which you speak of, and which has 120 feet in it—

Mr. LONGWORTH. Yes; how much would that cost?

Mr. KANN. That glass to-day we are selling for in the neighborhood of—well, the factory selling price is about 35 cents.

Mr. LONGWORTH. Thirty-five cents a foot? Is that what you mean?

Mr. KANN. A square foot, sir; and on the average we are getting probably about 28 cents for it, taking it in with all the small glass we are selling. That is the point I am trying to make.

Mr. LONGWORTH. Then that would cost about \$36?

Mr. KANN. Yes. Now, if you will pardon me for one minute, just take a step further, and then I think you will have the answer to the problem.

Mr. LONGWORTH. That is what I want to understand.

Mr. KANN. If you should buy that piece of glass in a jobbing house in your city, they would sell you that piece of glass from a list which is prepared, in which they charge you so much a square foot, subject to a certain discount; and that glass to-day, perhaps—I do not know—you could probably buy that very same piece of glass for 50 or 60 cents.

Mr. COCKRAN. Fifty or 60 cents?

Mr. KANN. Fifty or 60 cents a square foot, sir.

Mr. LONGWORTH. I may be very stupid about that; but I can not get through my head how it is, when you say that it costs more to make a square foot of glass, you sell one foot for 15 cents, and yet you sell this 120 square feet at the rate of 30 cents a foot.

Mr. COCKRAN. Sixty cents, he says.

Mr. KANN. Our factory—

Mr. LONGWORTH. I am speaking of the factory.

Mr. KANN. Our factory sale price would probably be, say, 30 cents or 35 cents. The cost per foot is the same, based upon taking your foot production and dividing it into your total cost. Is not that clear?

Mr. LONGWORTH. That is clear as to the price, but not as to the cost.

Mr. KANN. Yes; as to the cost. We take all the various items which go to make up the cost, starting in with material and labor and fuel and boxing charge and whatever else ought to be charged—taxes, insurance, etc.; and we will take that to be a thousand dollars. Suppose the net result in feet was 1,000 feet. You would divide that into a thousand dollars, and it would give you a dollar a foot, would it not? Now, it costs you a dollar a foot irrespective of the size of that glass, whether it goes into stock in pieces of 1 foot, or 25 or 50

feet, or 120 feet, as far as factory cost is concerned. The 1-foot piece costs quite a little more to handle, as I tried to explain, from the fact that it has to be handled many more times, and all that sort of thing, and then it has to be more carefully polished and packed; and yet, as a matter of fact, we only get for that small piece of glass from 15 to 20 cents a foot, and it costs \$1, while we may get \$1.25 for the large piece of glass that cost us a dollar. We have to make our profit off of those few disproportionate or unusual pieces that we sell; and as the bulk of our production is in small glass—

Mr. LONGWORTH. Do you mean to say that you sell a product that it costs you a dollar to make for 15 cents?

Mr. KANN. I am simply using that as an illustration. But I do say this, in order to make the statement exact, that we do sell a product which costs on the average 32 or 34 or 35 or 36 cents, as the different factories may differ a bit, as low down as 12 cents, and a very large portion of it at 15 cents and 16 and 18 and 20 cents, and we have been doing it for years. That is the burden of our complaint here—that we do have to sell at least 60 per cent of our product at less than it costs to produce.

Mr. LONGWORTH. At how much less?

Mr. KANN. You can figure it from these various duty imports if you want to; but taking the various conditions that may be put in, that may be sold either as a finished size, a cut size, etc., at anywhere from 15—well, I will say on an average 12 to 15 cents a foot loss on every foot of it. If you take it from the smallest up to the largest, covering the extreme range of the sizes, it gives us a profit over cost. And while that may sound as a very strange statement, I do not believe there is any factory—I mentioned these 11, and the other companies are here to answer for themselves—I believe they would be very glad to corroborate that statement by factory figures and by their books. As far as we are concerned, I would be glad to do it, because on the face of it it looks like a contradiction.

Mr. GRIGGS. I understood the gentleman who preceded you to say that it was largely a question of inefficiency on this side.

Mr. KANN. No; I do not believe he said it was largely that; but that is a factor.

Mr. GRIGGS. I asked a question as to the labor, and he replied that they paid three times as much on this side for inefficient labor as they did on the other side for efficient labor.

Mr. KANN. I do not believe he cared to leave that impression. Of course, I can not answer for him; but I make that statement from my own knowledge.

Mr. GRIGGS. I see that he is present, and if he would like to correct it, I shall be very glad to have him.

Mr. COCKRAN. You make your statement.

Mr. KANN. I know that from my own knowledge of the labor over there; I have been on the other side; and I know our labor here, and I know what we pay here. And while I have no interests on the other side, any more than trying to keep posted as to what they do, I know that we have been paying about three times as much as they have. The average laborer over there gets 3 francs and 10 centimes. That is about 70 cents. I think it runs from 65 to 75 cents—

Mr. GRIGGS. What is the average furniture and mirror size?

Mr. KANN (continuing). We pay over here on an average—I think this price will average through the different works—anywhere from \$2 to \$2.25 per employee per day.

Mr. GRIGGS. How do they compare in efficiency with those on the other side?

Mr. KANN. I think they get a very much better quality of labor.

Mr. GRIGGS. There?

Mr. KANN. Yes, sir.

Mr. GRIGGS. In Belgium, for instance?

Mr. KANN. Yes, sir; because, as I stated in our paper, these people have been tied to the industry for years. They never leave employment of that kind and seek other employment. The factories are all located in one district. They are a glass-making people.

Mr. GRIGGS. Then the question of inefficiency here—

Mr. KANN. I would not say inefficiency. We do not get the quality of labor, to begin with.

Mr. GRIGGS. I will say difference of efficiency, then.

Mr. KANN. Yes, sir; that would be better, because we can not get the quality of that kind of labor. We can not get them here. We never get them.

Mr. GRIGGS. Efficiency plus and efficiency minus—that will suit you better?

Mr. KANN. Yes, sir.

Mr. GRIGGS. Very well, that suits me just as well. I want you now to give me the average mirror size of glass that is used in furniture. I mean the kind used in bureaus and washstands.

Mr. KANN. The size which is most used is 5 feet—18 by 40, or 24 by 30, or 18 by 36; that is, 18 inches one way and 36 another, or 18 inches one way and 40 the other.

Mr. GRIGGS. Eighteen by 40?

Mr. KANN. That makes just 5 square feet.

Mr. GRIGGS. That is 5 square feet; and you want, on that, a flat rate of 22½ cents?

Mr. KANN. On that; yes.

Mr. GRIGGS. That, then, would increase the price of the bureaus and the washstands that the people throughout the country are obliged to purchase \$1 each, would it not?

Mr. KANN. That would make an increase to-day as between 10 cents and 22, which would be 12½ cents; and on 5 feet that would be 60 cents increase over what the duty is to-day.

Mr. GRIGGS. Yes, I understand that; but I am talking about the entire duty.

Mr. KANN. Yes.

Mr. GRIGGS. I was not speaking of the increase.

Mr. KANN. Oh, yes; yes, sir.

Mr. GRIGGS. It would be 60 cents more if your proposition goes with the committee and with Congress?

Mr. KANN. Yes.

Mr. GRIGGS. Do you not control—

Mr. KANN. Pardon me; if it will not interrupt you, I should like to say that there are a great many sizes, of course, which are used for that purpose which are not 5 feet square. There are about 17 standard sizes, which run all the way from a foot and a half up to 5 feet. But 5 feet is the largest size; that is the extreme.

Mr. GRIGGS. I understand that; but the increase in duty which you ask is on the glass that is most largely used throughout the country!

Mr. KANN. For that purpose; yes. Probably the most largely used is the glazing glass, on which we are willing to take a reduction.

Mr. GRIGGS. The glazing glass is for windows, is it not?

Mr. KANN. Yes.

Mr. GRIGGS. That is, for the windows of the rich—those big pieces of plate glass?

Mr. KANN. And the poor, too. It is now within the reach of the most humble. You can buy it so cheaply now that it hardly pays to buy sheet glass or window glass.

Mr. GRIGGS. I wish I had known that a month ago.

Mr. KANN. It is not too late. We will come around and give you a salvage price on what you have put in.

Mr. POW. My boy broke one pane, and I had to pay \$21 for it. [Laughter.]

Mr. KANN. That is the kind that is generally found pretty expensive.

Mr. CLARK. The net result of this scheme of yours would be to increase the cost of glass to the consumer and reduce the revenue of the Government?

Mr. KANN. No, sir. I thought you would catch my suggestion better than that.

Mr. CLARK. I have been listening with all the power that I have.

Mr. KANN. The consuming public will get the benefit of quite a reduction on all the glass over 10 square feet, to begin with.

Mr. CLARK. I know; but the consuming public does not use much glass over that size.

Mr. KANN. I beg your pardon, sir. You will find that all the men that run the little groceries or the little shops in the towns all over this country, as well as the big stores, have to have plate-glass fronts on them. They get the benefit of that low price; and almost every cottage that is built now has plate glass in it.

Mr. CLARK. Another question: Do you know of anybody engaged in any sort of manufacturing in or around Pittsburg that is making money?

Mr. KANN. Yes, sir; I do.

Mr. CLARK. I wish you would give me a list of them, either privately or publicly.

Mr. KANN. I will give it to you privately this evening.

Mr. CLARK. All right.

Mr. KANN. I would not be at liberty—

Mr. GAINES. Let me ask you a question. Assuming that the tariff were increased to a flat rate of 22½ cents, and that thereafter the price to the consumer of American plate glass was increased by the full amount of the increase of duty, how much would that add to the cost of a bureau which had a looking-glass in it 18 by 40 inches; assuming for the sake of the argument that the price of the domestic article would be increased by the entire amount of the tariff?

Mr. KANN. If they would take the largest piece of the glass which is brought in for that purpose, generally speaking, about 50 cents, sir.

Mr. GAINES. So that if all of the tariff were added to the cost, the consumer would be out 50 cents on the price of a bureau?

Mr. KANN. Yes, sir. And I should like to say, if you will permit me a little further than your question would lead, that very low prices have been made on the mirrors that we have sold as American manufacturers in competition even with the imported mirrors, or glass for that purpose. As a result of a foolish competition among ourselves very low prices have been made, which would have given the consumers the benefit of 50 or 60 cents less than the former prices, yet they never got it.

Mr. GAINES. Who did get it?

Mr. KANN. The furniture manufacturer or the man in between.

Mr. GAINES. So that the manufacturing consumer is the man that perhaps, in your opinion, would get the benefit of the difference?

Mr. KANN. If the public has gotten the benefit of this lower price up to the present time, the very worst that could happen to them on a single piece of the cheapest furniture would be an increase of 50 cents. If they have gotten the benefit of the low price, they have gotten 50 cents lower than the present price, which I doubt. But I want to make the point that all of that low price has not gone to the consumer. It has disappeared in between, and it meant a great many thousands of dollars to this industry.

Mr. GAINES. In your opinion, it has not gone to the ultimate consumer, but to the manufacturing consumer?

Mr. KANN. It has gone into somebody's hands, so that it has not been a factor in producing this product. It has not gone to the plate-glass manufacturer. I do not believe it has gone to the mirror manufacturer. It has not gone to the consumer, to whom it ought to have gone, and we have suffered in consequence. Nobody that should have gotten the benefit of it has gotten the benefit of it. That is the point I want to make.

Mr. CLARK. Now, let us turn Brother Gaines's proposition around the other way. There are 16,000,000 homes in the United States. If they only bought one bureau a year, that would be \$8,000,000 that this proposed increase in the duty would cost the consumers more than they are paying now?

Mr. KANN. Yes, sir.

Mr. CLARK. And that does not amount to anything?

Mr. KANN. Yes; that is quite an item. It would help us along quite a bit. If you divided that \$8,000,000 between these 12 companies, I mean, it would help them quite a good deal.

Mr. CLARK. You would get a nice little sum out of it?

Mr. KANN. Yes; and we need it. That is what we are here for. We need just that \$8,000,000.

Mr. CLARK. The truth about the whole business is that the way that you all make your money is by getting a little here and a little there from a great many people, so that there is not enough for one of them to come here and testify against you about it, and the general total of the rake off amounts to a fortune to you?

Mr. KANN. That is right. Every little helps.

The CHAIRMAN. That is all, I think.

**STATEMENT OF MR. A. L. FAULKNER, OF CLEVELAND, OHIO,
REPRESENTING THE NATIONAL GLASS WORKERS.**

The CHAIRMAN. You may proceed, Mr. Faulkner.

Mr. FAULKNER. Mr. Chairman and gentlemen, I want to say in the beginning that I am not a manufacturer and not a jobber. I am simply trying to represent the workingmen, the window-glass workers. And I should like to say, before submitting this brief, that I will be as concise as possible, take up very little of your time, and that I should like to present a supplemental brief later on, for the reason that the matter came up so suddenly that we were not able to secure the data necessary to make a proper statement as to figures before this committee. I simply want to show you what our people need, why they need it, and why they believe that they have a right to ask for and receive it.

In appearing before the House Ways and Means Committee I do so representing the interests of all window-glass workers of this country, their families and their dependents. The Republican platform pledges a revision of the tariff. Mr. Taft in his preelection speeches pledged himself to a speedy and honest revision of the tariff. We believe the pledges will be redeemed and the President-elect will keep his pledge. Believing that revision does not necessarily mean a reduction of the present schedule, but that the term may be aptly applied as meaning an increase as well where necessary, that the labor interests as well as the business interests of this country may be thoroughly and honestly protected, I herewith submit a condensed statement concerning the condition of the window-glass industry as viewed from the worker's standpoint:

There are 6,700 skilled window-glass workers in this country, all of whom are members of organized labor, capable of producing annually 11,000,000 50-foot boxes of the sizes and qualities required by American consumers.

By the above I mean to demonstrate the fact that if all the skilled American window-glass workers were employed at their respective trades in the making of window glass a sufficient number of boxes to supply the entire consumption of the country could be made in six months, thus compelling the forced idleness of the workmen during the remainder of the year.

During a trip through Europe last summer I had the opportunity of studying labor conditions affecting the glass industry and was particularly impressed with the fact that the low rate of wages paid the employees, together with the low cost of glass-producing materials, was a great menace to the American window-glass industry, the only safeguard against which is the tariff.

The comparative wages of American and foreign workmen I will submit as follows:

American workmen: Blowers, \$120.50 per month; gatherers, \$90.25 per month; cutters, \$124 per month; flatteners, \$130 per month. Foreign workmen (I use the phrase "foreign" as referring particularly to the Belgian workers, our greatest competitors): Skilled workmen—Blowers, \$60 to \$80 per place.

Mr. COCKRAN. Sixty dollars to \$80 per what?

Mr. FAULKNER. Sixty dollars to \$80 per place. I will explain that later.

Mr. COCKRAN. All right.

Mr. FAULKNER. Gatherers, \$40 to \$50 per place; cutters, \$28 to \$38 each; flatteners, \$40 to \$60 each.

In the case of a part of the more unskilled labor, the following were the wages shown by the figures that I was able to obtain:

Lehr tenders, \$48 to \$60 per month; shove boys, \$48 to \$60 per month; roller boys, \$48 per month. Foreign unskilled labor: Lehr tenders, girls, \$15 to \$18 per month; shove girls—that is, in place of the boys used in this country—\$15 to \$18 per month; roller carriers, girls, \$18 per month.

In addition, we might add to the American unskilled or perhaps semiskilled workmen what we know as the snapper, one to each place, who receives an average of \$48 per month. In Europe they dispense with the services of a snapper.

The price of American skilled labor is determined monthly by the selling price for the current month, while the price of foreign skilled labor is fixed annually.

To better understand the above figures, it is necessary to bear in mind the fact that the American blower and gatherer work singly, or one to each place, while the foreign blower and gatherer work double, or two to each place. In fact, I sometimes saw three in a place. The latter condition is due to a surplus of workers. The American blower works one hundred and sixty hours per month and produces 360 rollers (you might know them better as cylinders), or 200 boxes of window glass, single strength. The foreign blower works one hundred and eighty hours per month, producing 550 cylinders, or 312 boxes of glass.

The average number of 50-foot boxes of common window glass imported annually for the last twenty-four years is 854,324, aggregating 20,503,776 boxes. A box consists of 50 square feet.

I am free to say that a lowering of the duty on common window glass would mean an increased importation of that article, comparative with the amount of the said reduction, and would work a corresponding injury to the window-glass workers and manufacturers alike of this country. Therefore, I would earnestly urge that the House Ways and Means Committee report against any reduction in the tariff rate as provided for in Schedule B, glass and glassware, No. 101, of the tariff act of 1897, and I would most earnestly recommend that the rates be increased in the above-mentioned schedule upon common window glass, up to and including sizes 16 by 24 inches square, for the reason that the bulk of glass imported into this country is contained in the various brackets or sizes from 6 by 8, up to and including 16 by 24 inches square. An increase in the rates on the above-named sizes would mean decreased importation, thereby creating a greater market for domestic product, thus adding to the earnings of the worker. Simply the keeping out of this country annually of perhaps one-half million or more 50-foot boxes which are now being made abroad, and which could and should be produced in America, would greatly benefit not only the window-glass workers of this country but also all other labor required for the preparing and handling of the materials that would necessarily enter into the production of the glass required to supply the increased market for domestic glass, as all materials used in the manufacture of window glass are produced in America.

Mr. COCKRAN. Mr. Faulkner, did I understand you correctly to say that if these workers were all employed they would produce in six months the entire output?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. Then they are only employed half the time, according to that?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. Then when you speak of them as obtaining these rates of wages, they only obtain them for half the time?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. So that the discrepancy between the European laborer and the American laborer must be reduced by one-half, according to that?

Mr. FAULKNER. Do you mean the total earnings?

Mr. COCKRAN. Yes.

Mr. FAULKNER. Yes.

Mr. COCKRAN. When you speak of the American blower as earning \$120 a month, that means for six months of the year?

Mr. FAULKNER. Exactly.

Mr. COCKRAN. So that he is earning \$720 a year?

Mr. FAULKNER. Exactly.

Mr. COCKRAN. The foreign blower gets \$60 per place, you say. What do you mean by "per place?"

Mr. FAULKNER. I mean that there are two in a place. They receive from \$60 to \$80 for the work performed in that place, or from \$30 to \$40 each.

Mr. COCKRAN. That is, a month?

Mr. FAULKNER. A month.

Mr. COCKRAN. The monthly pay—this amount—is divided between two; that is what you mean?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. Is that so in every instance?

Mr. FAULKNER. Almost.

Mr. COCKRAN. If one man fills the place he gets the full pay, does he not?

Mr. FAULKNER. Yes; but they do not.

Mr. COCKRAN. Do you say it never occurs?

Mr. FAULKNER. Very seldom.

Mr. COCKRAN. It sometimes occurs, however?

Mr. FAULKNER (continuing). For the reason that there are so many workmen over there that they have to be taken care of.

Mr. COCKRAN. Yes. Then you have twice too many here, also?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. So that the excess is not peculiar to this country. In the case of the foreign blower who fills one of these places, he gets from \$60 to \$80 a month, does he not?

Mr. FAULKNER. If he fills it alone; yes, sir.

Mr. COCKRAN. And he would get nearly a thousand dollars a year working the full time?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. So that he would be really better paid than the American workman?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. What has become of all this duty that has been levied for the benefit of the American workman in the past? Have you any idea?

Mr. FAULKNER. That is a question I will leave you folks to answer.

Mr. COCKRAN. I know where it has gone, according to my notion; the employer has "bagged" it. Is that your notion of it?

Mr. FAULKNER. I am not speaking for the employer. The point I want to make—

Mr. COCKRAN. Oh, no; I am not asking you to speak for the employer. I am asking you where a specific sum has gone. According to you, the rates paid to the foreign laborer are about as high as those paid the American laborer. There has been a very high duty levied, presumably for the benefit of the laborer—is not that so?—during all these years, when you find that the conditions are practically the same both here and abroad.

Mr. DALZELL. I did not understand this witness to say that the foreign labor was paid as high as our own labor.

Mr. COCKRAN. I am reasoning it out. I am asking him question by question, and he is answering.

Mr. DALZELL. I understood you to put the question to him assuming that he had said so.

Mr. COCKRAN. I did not do anything of the kind; I asked him a question, and he answered it.

Mr. DALZELL. Then I misunderstood you.

Mr. COCKRAN. Lest there might be some misapprehension, I will ask him again. I think everybody else understands it; but let us get it perfectly clear.

I understood you to begin your statement by alleging that there are 6,700 skilled workers, all organized; that if they were employed all the time they could produce the total output in this country in six months. Am I right about that?

Mr. FAULKNER. That was my statement; yes, sir.

Mr. COCKRAN. That was your statement. If such a person is paid at the rate of \$120 a month and he is employed for six months of the year, he gets \$720 a year. That is about the amount of his compensation, is it not?

Mr. FAULKNER. Are you figuring that there are two in a place?

Mr. COCKRAN. Oh, no; I am talking about the American.

Mr. FAULKNER. You are figuring on the American workman?

Mr. COCKRAN. You said the American workman was employed about half the time.

Mr. FAULKNER. About half the time; yes, sir.

Mr. COCKRAN. Very good. If he is only employed half the time and gets \$120 a month while he is working, his actual earnings are \$720 a year, are they not?

Mr. FAULKNER. Yes. Suppose he were working all of the year?

Mr. COCKRAN. But he is not, according to you.

Mr. FAULKNER. But what I am after is to get more employment for that man.

Mr. COCKRAN. Oh, well, I am coming to that, of course.

Mr. FAULKNER. That is the point.

Mr. COCKRAN. But in order to reach how that should be done, we had better investigate how similar attempts have worked out in the

past. Your suggestion is to increase the duty. I want to see what effect the duty has had before I consider giving it in a larger degree.

I understand, now, that we are agreed that the American workman, the blower, gets \$720 a year in cash. He works about half the time, and is paid \$120 a month. Am I correct about that?

Mr. FAULKNER. No, sir; you are not, for the simple reason that when you are putting it in that way you are speaking only for one-half of the American window-glass manufacturers, or else each man is working only half the time.

Mr. COCKRAN. That is what I say.

Mr. FAULKNER. Some of them work nine months, and some work three.

Mr. COCKRAN. I understand that; but the average is six months?

Mr. FAULKNER. The average is six months.

Mr. COCKRAN. Very good. Then the average pay is \$720 a year?

Mr. FAULKNER. Yes, sir; and you have another man now that does not receive anything.

Mr. COCKRAN. I understand that.

Mr. FAULKNER. Because there is no place for him to work.

Mr. COCKRAN. Oh, of course, I understand that some men probably work the whole year round, and some do not work at all; some work three months and some work nine months, as you have said. But that means that the average, as you have fixed it, is six months for each man. That is the average employment, the average time?

Mr. FAULKNER. The average employment; yes, sir.

Mr. COCKRAN. The average employment is six months; and he gets \$120 a month?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. So that the average pay is \$720 a year?

Mr. FAULKNER. In that way; yes.

Mr. COCKRAN. There is no other way of calculating it, is there?

Mr. FAULKNER. If they were all employed.

Mr. COCKRAN. That is it. The foreigner, according to you, is paid from \$60 to \$80 per place. Is not that right?

Mr. FAULKNER. That is right.

Mr. COCKRAN. But by "place," you mean that so much is allowed to that particular place. If one man can fill it, he gets it all. If two men are required to fill it, they divide the money between them?

Mr. FAULKNER. Exactly.

Mr. COCKRAN. In proportion to the amount of work they do, I suppose?

Mr. FAULKNER. Exactly.

Mr. COCKRAN. I suppose the real fact is that at any one place for part of the time there would be two men working and part of the time one man would be doing it. That is about the truth, is it not?

Mr. FAULKNER. I think my statement was that nearly all of them were doubled up—in nearly every instance, so far as my observation went.

Mr. COCKRAN. How much is your observation? How long did it last?

Mr. FAULKNER. I was over there quite a while.

Mr. COCKRAN. About how long?

Mr. FAULKNER. I was in very close touch with the officials of the Belgian organization, and a great deal of my information I received

directly from the president of that organization. As far as the factories are concerned, I was only permitted to visit one factory.

Mr. COCKRAN. Was this statement as to there being two men generally employed at each place based on your observation or your information?

Mr. FAULKNER. It was based on both my observation and my information.

Mr. COCKRAN. What information? I ask because I should like to verify that.

Mr. FAULKNER. Information from the president of the organization.

Mr. COCKRAN. Would you mind telling me who he was?

Mr. FAULKNER. Mr. Edmund Gilles—G-i-l-l-e-s.

Mr. COCKRAN. Where, in Belgium?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. Where in Belgium?

Mr. FAULKNER. Charleroi.

Mr. COCKRAN. A Mr. Gilles, of Charleroi, informed you that two men were employed at each of these places, as a general thing, all the time?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. They were constantly employed?

Mr. FAULKNER. I believe so.

Mr. COCKRAN. Did they divide that wage evenly, or was one a principal workman and the other a helper?

Mr. FAULKNER. As to that, in all instances, I can not say; I do not know.

Mr. COCKRAN. You see, of course, how important that is to your testimony.

Mr. FAULKNER. But the fact remains, just the same, that there is that much for that place. There is that much for that amount of glass.

Mr. COCKRAN. Yes; but you can see that if one man was the principal workman and the other was the helper, and the first man obtained \$60 of the \$80, we will say, he was as well paid as the American workman.

Mr. FAULKNER. I can not see it that way.

Mr. COCKRAN. If you take a piece of paper and work it out, I think you will find that 12 times 60 or 6 times 120 would make 720. That is, 12 times 60 would make the exact equivalent of 6 times 120.

Mr. FAULKNER. So far as the blower is concerned; yes, sir.

Mr. COCKRAN. Yes. That is the blower. We will go on now to the others. The next is the gatherer. The American gatherer gets \$90.25 for about the same period of employment, I suppose, does he not?

Mr. FAULKNER. Just about.

Mr. COCKRAN. That is, for about half time; and the foreigner gets \$40 or \$50 for the whole time. He is about as well paid, is he not, in the amount of money that he finally receives at the end of a year?

Mr. FAULKNER. Perhaps so.

Mr. COCKRAN. I will not ask you to go further than that on this comparison, but I ask your attention now to this tariff of which you are so eloquent an advocate.

Mr. FAULKNER. Here is the point I want to bring out: There is a lot of glass coming into this country that is being made over there at a cheaper rate than we can possibly make it over here, and it is interfering with the market in this country to such an extent that the window-glass workers of this country, if they were given all of that market, could have about three weeks more work each year.

Mr. COCKRAN. Three weeks more?

Mr. FAULKNER. About three weeks more, I think. Now——

Mr. COCKRAN. Wait a minute; we will just take that. Three weeks more, you say. If the time were increased to the rate that you suggest, there would be three weeks more work for these various skilled workers?

Mr. FAULKNER. Provided it would work out that that was sufficient to keep out this foreign glass.

Mr. COCKRAN. Yes; that is it. How much would that increased tax amount to, do you think?

Mr. FAULKNER. What do you mean?

Mr. COCKRAN. I mean how much do you advocate raising the tariff?

Mr. FAULKNER. I am not making any suggestion of that kind now. I plainly stated that I would like to file a supplemental brief, for the reason that we have not had time to secure the necessary data to present figures here to you. I am simply presenting a statement, and expect to be permitted to present a supplemental brief later on. I believe I stated that fact very clearly.

Mr. COCKRAN. Mr. Faulkner, there has been a very high rate of tariff here, has there not?

Mr. FAULKNER. Not high enough.

Mr. COCKRAN. Not high enough, I am sure, to meet the view of the employers. But with the tariff such as it is the men that you represent are in the condition that they get now about \$720 a year—the best of them?

Mr. FAULKNER. That is, the highest paid.

Mr. COCKRAN. Yes, the very highest paid.

Mr. FAULKNER. And the other half do not get anything.

Mr. COCKRAN. Yes; that is it. What has become, do you think, of this tariff which has been levied in the past? Has it reached the workingman?

Mr. FAULKNER. Do you speak of the revenue? It is pretty hard to tell what has become of the revenue, if that is what you mean.

Mr. COCKRAN. I am speaking of the difference.

Mr. FAULKNER. Do you mean the revenue?

Mr. COCKRAN. No; the revenue, I think we will agree, goes to the Treasury, such as it is.

Mr. FAULKNER. Yes.

Mr. COCKRAN. But I mean the increased price which the consumer pays to the manufacturer or to the employer. That has not reached the workingman, according to your figures, has it?

Mr. FAULKNER. Not of late years.

Mr. COCKRAN. Not of late years? What do you suppose has become of it? You would think that the employer, who was a kind of trustee of the community for the collection of this additional rate beyond the value of his product, to distribute it among his laborers, has proved to be faithless to his trust.

Mr. FAULKNER. I will tell you——

Mr. COCKRAN. Answer that, will you?

Mr. FAULKNER. I will tell you what I think has become of it.

Mr. COCKRAN. No; will you not answer that question?

Mr. FAULKNER. Yes; I will.

Mr. COCKRAN. You would think that the trustee—the employer—on that theory—

Mr. FAULKNER. I do not want to seem unfair.

Mr. COCKRAN. No.

Mr. FAULKNER. I do not want to antagonize anyone; but I will tell you what I think has become of it.

Mr. COCKRAN. All right.

Mr. FAULKNER. I think it went into the expense of perfecting a window-glass blowing machine, in two ways: Part of it was the expense to the machine companies, and the other part was an expense that was brought on the hand operators of this country in meeting ruinous prices, until they have gotten to such a stage that they are now really fighting each other.

Mr. COCKRAN. Who are fighting each other?

Mr. FAULKNER. The machine interests and the hand interests. That is, part of our men are employed in the machine plants and part in the hand plants.

Mr. COCKRAN. Would it be your idea of the halcyon condition to have a state of production where machinery was entirely excluded?

Mr. FAULKNER. Oh, yes; but that is impossible. We can not stop the march of progress. We are not trying to do that.

Mr. COCKRAN. No; now, you understand that the theory of this tariff—

Mr. FAULKNER. Will you let me finish that? You asked me a question, and I have not finished answering it yet.

Mr. COCKRAN. I thought you had finished.

Mr. FAULKNER. This condition that has been brought about has been of very recent years, and we feel that it has about reached the limit. We feel that from this time on there will be a better condition, because there will be less expense attached to the manufacture of window glass, the machine interests will not have such a great expense, and I do not believe the competition will be so lively. That will give the hand operators a better opportunity to sell their product at perhaps a better price, and there will not be so many factories in the sheriff's hands, perhaps. I do not believe that condition will continue, but I believe the new condition that I have just spoken of will be brought about.

Mr. COCKRAN. Are you through?

Mr. FAULKNER. That is all.

Mr. COCKRAN. Your belief is, of course, very valuable; but the grounds of your belief would be more important to us, for then we could tell whether we share them or not. I understand that we agree that whatever became of this difference between the value of the product and the amount that was charged for it under the tariff, it did not reach the workingman? We have agreed on that; have we not?

Mr. FAULKNER. No, sir; we have not.

Mr. COCKRAN. I thought you said that it was spent in perfecting a machine to get rid of the workingman.

Mr. FAULKNER. It is a question how much they should receive and how much they did receive.

Mr. COCKRAN. You are talking of one thing and I am asking you about another. Let me see if I can get your attention to an historical fact, not a speculative discussion. There has been a large amount of money collected from the consumers of this country under this tariff over and beyond the price that the article would command in the market if it were not for the tariff, has there not?

Mr. FAULKNER. You mean the selling price of glass?

Mr. COCKRAN. Yes.

Mr. FAULKNER. When do you speak of—the last few years?

Mr. COCKRAN. We will start from the adoption of this tariff law in 1897.

Mr. FAULKNER. I would answer "no, sir."

Mr. COCKRAN. Then the tariff did not operate at all?

Mr. FAULKNER. Yes; it did.

Mr. COCKRAN. How did it operate?

Mr. FAULKNER. In a way it served its purpose, and in a way it did not go quite far enough, for the reason that your low brackets were not high enough; they did not prevent this country from becoming a dumping ground for small sizes of poor qualities of foreign glass. It keeps out the large glass all right to a certain extent, to perhaps a safe extent; but not the smaller stuff which they are very anxious to get rid of. And I want to make this point: If they could not get rid of that small stuff over there, they could not make quite so much of their larger stuff. There would not be quite so many employed over here, and there would be more pay.

Mr. COCKRAN. All of which is very interesting; but now let me come back to the question I asked you: A certain amount of money has been added to the cost price of this article through the tariff, has it not?

Mr. FAULKNER. Certainly.

Mr. COCKRAN. Very good. The difference between the amount at which this article would have sold without any tariff and the amount actually collected did not reach the workingman, as I understand you?

Mr. FAULKNER. Do you mean the amount that accrued from the sale of the glass?

Mr. COCKRAN. I refer to the difference between the amount that would have accrued from it without a tariff and the amount actually collected, which is the amount represented by the protection of the tariff law. Did that amount reach the day laborer?

Mr. FAULKNER. I am very free to say that it did up to a certain point, perhaps two years ago.

Mr. COCKRAN. And two years ago it stopped. How was it stopped two years ago?

Mr. FAULKNER. As to that, you will have to ask the manufacturers.

Mr. COCKRAN. You have undertaken to speak about it yourself. If you can not tell us, it is the easiest thing in the world to say so.

Mr. FAULKNER. I believe we got our share of it.

Mr. COCKRAN. What share?

Mr. FAULKNER. But I do not believe the manufacturer got any price for his product. I believe we got all that he could afford to

pay us for the last two years, and perhaps more than was really justly our share, considering the price that he was able to obtain for his product.

Mr. COCKRAN. Granting the entire excellence of the manufacturer, please tell us what proportion of it you got, if you can.

Mr. FAULKNER. Our proportion of that is based upon our wage scale.

Mr. COCKRAN. Will you tell me whether it is 10 per cent, 20 per cent, 30 per cent, 40 per cent, 90 per cent, or 100 per cent?

Mr. FAULKNER. What per cent of what?

Mr. COCKRAN. Of the amount levied on the consumer over and above the amount that the article would have sold for without the duty.

Mr. FAULKNER. Do you mean the selling price of the glass?

Mr. COCKRAN. No; I do not. Do you understand the operation of the tariff law? You are here urging us to increase it.

Mr. FAULKNER. I understand the effect of it upon the working-man.

Mr. COCKRAN. You do not understand that, you say?

Mr. FAULKNER. I do understand the effect of it upon the working-man, but you do not seem to understand it.

Mr. COCKRAN. It can only operate on the workingman through its effect on the market.

Mr. FAULKNER. That is it.

Mr. COCKRAN. Very good—upon the amount, in other words, that it enables the employer to realize. The employer gets the price of the product first, does he not?

Mr. FAULKNER. What does the employer have to do with the glass that does not come to this country?

Mr. COCKRAN. If you will answer my question, I will answer yours afterwards.

Mr. FAULKNER. I am answering the question in that way.

Mr. COCKRAN. You are not answering it at all.

Mr. FAULKNER. That is my way of answering it.

Mr. COCKRAN. Why are you asking for an increased tariff?

Mr. FAULKNER. Because I want to keep that small glass out of this country.

Mr. COCKRAN. How will it be kept out?

Mr. FAULKNER. Because I do not believe they could compete with us. I do not believe they could afford to pay that price, that increased tariff rate, and compete with our American manufacturers.

Mr. COCKRAN. Very well. Now let us see if we can start from that. You will keep it out by enabling the American producer to charge a higher price in this market. That is it, is it not?

Mr. FAULKNER. I hope to.

Mr. COCKRAN. That is your object here?

Mr. FAULKNER. That is one of the objects, and the other is to enable him to make that small stuff. The principal object is to enable him to make that small glass.

Mr. COCKRAN. He will not make it except to sell it, will he?

Mr. FAULKNER. He will not make any more small glass than he can sell if he can possibly help it. This will give him a greater opportunity to make that glass which he can safely cut into small sizes. It is not a question of his raising the price to the consumer; it is a

question of his having an opportunity to have his men manufacture that small glass.

Mr. COCKRAN. How will he keep it out? Let us see if we can reach a consensus of opinion about this. He does not take a gun, does he, and go out and shoot any person who tries to send glass in here? You do not expect that he will keep it out forcibly? The only way he can keep that glass out is by making the price higher through a tariff. That is what you want, is it not?

Mr. FAULKNER. Well, yes.

Mr. COCKRAN. That is what you want. You want this American manufacturer, by reason of that tariff, to be allowed to charge more for his product than he can charge to-day. That is the object for which you want to raise the tariff?

Mr. FAULKNER. You do not seem to understand me.

Mr. COCKRAN. You can answer that question "yes" or "no."

Mr. FAULKNER. Well, no; I do not.

Mr. COCKRAN. You want to increase the rate of the tariff; that means increasing the price?

Mr. FAULKNER. Yes, sir.

Mr. COCKRAN. And you think that can be done?

Mr. FAULKNER. Yes, sir; on those small sizes I think it can.

Mr. COCKRAN. If the American manufacturer does not increase the price, how is he going to keep the other man out?

Mr. FAULKNER. Because it will not come in; he can make it and sell it here and compete with the foreign manufacturer.

Mr. COCKRAN. But the effect of the tariff is to put up the price; otherwise it would come in freely.

Mr. FAULKNER. Exactly; they can put up the price, and if he does not put up the price of his product who am I going to buy from?

Mr. COCKRAN. What is that?

Mr. FAULKNER. I say, if you put up the tariff, and he does not put up the price of his product, who am I going to buy from?

Mr. COCKRAN. Now I see it. Your idea is that you will give the manufacturer the opportunity to charge a larger price, but you do not think he will do it. Is that it?

Mr. FAULKNER. If he does, we will undertake to get our share of it.

Mr. COCKRAN. Well, how? How? How will you do that?

Mr. FAULKNER. The way we get all of our wages—by agreement with him.

Mr. COCKRAN. But your wages, as you have stated here, are \$720 a year.

Mr. FAULKNER. Simply because he has been unable to command a fair price for his product.

Mr. COCKRAN. And your idea is that now the manufacturer is in such a condition that he is not making enough profit to give you longer employment or better rates?

Mr. FAULKNER. That is my idea.

Mr. COCKRAN. That is it—notwithstanding the fact that he is already levying a tariff to the amount of $1\frac{3}{4}$ cents per pound upon one form and $1\frac{1}{4}$ cents upon the other form of his glass?

Mr. FAULKNER. That is right, because your schedules are not properly arranged. That is the reason. Your rates are too low on the small brackets. I will stop there. They might be better equalized,

if necessary. That is what I want to bring out. I want to prevent this country from being a dumping ground of that poor glass made in those small sizes that comes across from the other market. Of course no manufacturer can get away from making a heavy percentage of small sizes of coarse, common, poor qualities. I am not speaking now about photographic plates and stuff like that. There is not much of that, anyway. I am speaking of the ordinary, common window glass. There is a certain percentage of that, and it is pretty heavy. They do a very good business in that glass that is of poor quality. That poor quality is disposed of in the main by cutting it into small sizes. Some of it used to be ground and chipped, as they called it; but they can roll it now about as cheaply as we can blow it, and that part of the business is getting away from them. But the point is that they should make more of that, and those people over there should make less of that, and it would be better balanced, because if they make less of the smaller sizes, and there is no place to put it, they would not make quite so much of the larger sizes. Then there would not only be room for the smaller sizes over here, but I believe that it would create a little bit better market for the larger sizes.

Mr. COCKRAN. You will file an additional brief showing how much more duty you want in order to get three weeks' more employment for your men?

Mr. FAULKNER. Yes, sir; that is exactly what I mean.

Mr. COCKRAN. And that is the most you are looking for?

Mr. FAULKNER. The sense of the whole thing is to get the window-glass workers about three weeks' more work in this country, if we possibly can, without injuring anybody. That is my idea of my way of getting it.

Mr. GRIGGS. Is your idea to reduce the tariff on the larger sizes?

Mr. FAULKNER. I have not said so; no sir.

Mr. COCKRAN. He has not said anything as to the larger sizes.

Mr. FAULKNER. I believe I can file a brief, which I will be pleased to do for the committee's inspection—I believe it will stand your inspection—and I believe it will do just what I want it to do.

Mr. COCKRAN. Would it be satisfactory to you if we should agree to reduce the tariff on the large sizes and increase it on the smaller sizes?

Mr. FAULKNER. I am not here advocating a reduction of the tariff on window glass in any size.

Mr. COCKRAN. In any size?

Mr. FAULKNER. I am not advocating it; but I do advocate a change in the schedules, as I have stated, for the reason that I have stated.

Mr. CLARK. Mr. Faulkner, does not your whole difficulty lie in the fact that of recent years people have quit using small window glass to a large extent?

Mr. FAULKNER. To some extent; yes, sir.

Mr. CLARK. You can well recollect the time when multitudinous windows were made of 6 by 8 and 8 by 8 glass, and all that, and they nearly all have quit it, have they not?

Mr. FAULKNER. Yes, sir.

Mr. GRIGGS. A pane 10 by 12 was a big piece of glass in those days.

Mr. FAULKNER. A great many of them have stopped using it.

Mr. CLARK. The average window glass put into a house in the United States to-day seems to be about 12 by 20 or 12 by 24. I do not pretend to know the exact size.

Mr. FAULKNER. We will take that as the basis of the argument, sir.

Mr. CLARK. That is the very reason the window-glass men have not been all getting rich with this present rate, is it not? The people have quit using what you might call this "scrap" glass?

Mr. FAULKNER. They are using half a million boxes of it that is made over in foreign countries and sent across, and our people are walking the earth without anything to do.

Mr. CLARK. I know, but the fact is that the use of small glass has nearly gone out?

Mr. FAULKNER. Probably not as much of it is used now in proportion to the amount of window glass that was consumed at the time you speak of. But I believe there is just as much small glass used to-day, if not more, estimating it by the foot, than there ever was in the history of this country.

Mr. CLARK. I know, but that is owing to what you call small glass dropping largely into disuse?

Mr. FAULKNER. Well, we will take it from what you say. What was your size?

Mr. CLARK. Six by 8, and 8 by 8, and 8 by 10. You have quit using that, have you not?

Mr. FAULKNER. No, sir; I think it is safe to say that there is more glass used of those sizes to-day than ever before in the history of this country. I can show you what is the matter with the window-glass situation, if you will just turn that around and say that there is less large glass used, less glass that window workers are able to make, in sizes up to 160 and 170 square feet, or even larger. I believe there is at least one old, experienced window-glass manufacturer in the room who probably knows more about this business a dozen times over than I do. But I want to say this: The reason for that is that the smaller sizes of plate glass have cut into the sale of window glass, let us say, to such an extent that there is a falling off in the larger sizes that could be made in the window-glass house. There is the great trouble.

Mr. CLARK. Is it not true that they do not use this small glass in building houses any more, except where some man that is building an extraordinary house of some sort or other wants windows put in it different from other people's windows, and he has a lot of these small panes of glass put in, whereas in the four-room house and the six-room house and the eight-room house the people usually have these larger panes of glass?

Mr. FAULKNER. Yes; and the people in this country are building small houses and putting in small windows just as they have always done. They are not doing it in the cities of Washington or New York or Chicago or San Francisco, perhaps, to any large extent; but they are doing it in the outlying districts, especially in the South.

Mr. CLARK. I know; but I happen to live in an outlying district, and that is exactly what does not happen.

Mr. FAULKNER. That is exactly where they sell their stuff, or most of it.

Mr. GRIGGS. I live in the South, and you can not buy glass less than 10 by 12 where I live.

Mr. FAULKNER. I would consider that a small window glass.

Mr. DALZELL. You are speaking here to-day, as I understand, for the laboring men of your industry?

Mr. FAULKNER. Only for them.

Mr. DALZELL. Yes; and your observations in Europe, as I understand you, disclosed the fact that wages were less in Europe in your industry than they are over here?

Mr. FAULKNER. Yes, sir; much less.

Mr. DALZELL. And your idea is that by a reasonable tariff protecting the manufacturer here the importations resulting from those low wages could be substituted for by manufacturers in the home market, and that that would give additional employment to men in your industry. That is your idea, is it not?

Mr. FAULKNER. That is my idea exactly.

Mr. GAINES. May I ask you a question?

Mr. FAULKNER. Yes, sir.

Mr. GAINES. When you were abroad in the interest of the window workers, did you make any observations as to the comparative manner of living of workmen in Belgium and America in your industry?

Mr. FAULKNER. In a general way; yes. As far as the actual cost of living, the necessities of life, was concerned, I did not investigate that very thoroughly; but I discovered that the European workmen do not live as the American workmen do in any sense of the word. They can not.

Mr. GAINES. Give me some concrete idea of how they do live. Name some of the differences you noticed.

Mr. FAULKNER. That is true in a great many ways. If you go to their houses, you see the difference in the way their houses are furnished. If you see them on the streets, you see the difference in the way they are clothed and the way their children are clothed. You see the difference in what they eat, the kind of food that they subsist on, and all that sort of thing.

Mr. GAINES. What kind of food do they subsist on?

Mr. FAULKNER. I saw laboring men over there—not window workers, but what they know over there as laboring men—that would not have meat in their house more than once or twice a month, and when they did it was horse meat. They have their horse markets there just the same as we have our beef markets here; the horse sign is hanging out instead of the beef sign.

Mr. GAINES. How about clothing?

Mr. FAULKNER. Their clothing is very poor. In fact, it is hardly worth speaking about, as a rule, among the working people. Another thing that I saw, and that appealed to me as something that might be quite a factor in the condition of laboring men over there, was this: I saw too many girls and women performing labor that men should perform. I saw them carrying loads that a strong man would stagger under. I saw them sweeping the streets, acting as "white wings," and all that sort of thing. I saw them carrying rollers that it takes a big, strong, husky boy from, we will say, at least 13 to 20 or 21 years old to carry. I know lots of men that carry rollers. The girls perform that work over there; and, as I stated, they are employed at a very low wage. They are employed in shoving-in in the flattening houses. They do the work of what is called the shoving

boy here—a grown man. They use girls over there for that work. The same is true at the other end of the flattening oven, the taking-off end, taking off the glass from the lehr. They use girls there for that work. Girls dip the glass. All of that is performed by girls, and all of it should be performed by men, as it is in this country.

Mr. BONYNGE. Mr. Faulkner, what is your business?

Mr. FAULKNER. Now?

Mr. BONYNGE. Yes.

Mr. FAULKNER. President of the window-glass workers.

Mr. BONYNGE. President of the window-glass workers?

Mr. FAULKNER. Yes, sir. Formerly I was a window-glass blower. I worked on the bench for twenty-five years.

Mr. BONYNGE. How long have you been president of the association?

Mr. FAULKNER. Four years.

Mr. GRIGGS. These small pieces of glass to which you refer are the pieces of glass which poor people buy to put in their houses, are they not?

Mr. FAULKNER. Yes, sir; principally.

Mr. GRIGGS. Do you desire to increase your income at the expense of your poor friends throughout the country?

Mr. FAULKNER. What poor friends?

(At this point Mr. Dalzell suggested that the witness move to a position where the stenographer could hear him better.)

Mr. GRIGGS. As I understand, the poor people of the country are the people who buy these small sizes of window glass. Is that true, or not?

Mr. FAULKNER. Why, as a rule, yes; I would suppose so. The rich seem to have the plate glass, and I suppose the poor people have to buy small glass. I do not see any other way out of it.

Mr. GRIGGS. Now, then, I say, you want to put this increased tax on the poor people of the country?

Mr. FAULKNER. No, sir; I do not. It is not my intention to increase the price of the product at all. It is my intention to make it here instead of making it abroad.

Mr. GRIGGS. You are going to do that without increasing the price?

Mr. FAULKNER. Yes, sir.

Mr. GRIGGS. Simply by increasing the tariff?

Mr. FAULKNER. By raising the duty and keeping it out—keeping it across there where it belongs. There is no need of that glass in this country. If we could not make it, gentlemen, I would not be here. But with factories lying idle all over this country, and men out of employment that are qualified to perform that work, and that glass coming in through the different ports of this country, I say your schedule is not right.

Mr. GRIGGS. Can it be made profitably in this country at the present prices?

Mr. FAULKNER. Glass?

Mr. GRIGGS. Yes; the smaller sizes.

Mr. FAULKNER. If they were to make all small sizes, no; nor in any other country.

Mr. GRIGGS. But can the smaller-sized glass be sold profitably now by the manufacturers of this country?

Mr. FAULKNER. That is a question I would have to figure on very carefully before I could answer it intelligently.

Mr. GRIGGS. Then they might increase the price of it, might they not?

Mr. FAULKNER. I do not see how they could.

Mr. GRIGGS. But yet you are uncertain?

Mr. FAULKNER. I do not see how they could.

Mr. GRIGGS. You do not see how they could, but you are very uncertain?

Mr. FAULKNER. They might increase the price of that small glass; they might increase the price of the large glass; I might go further and say that they should. Whether they can or not, I do not know, but I do know that it is entirely too low.

Mr. DALZELL. The question of price depends entirely upon competition?

Mr. FAULKNER. Yes; entirely.

The CHAIRMAN. If you would answer a little more directly and not explain so much we would save some time. We have not any to spare.

Mr. FAULKNER. It seems that our understanding is different about this matter.

Mr. GRIGGS. I have no further questions.

Mr. RANDELL. I would like to ask the witness a question or two. You say that increasing the tariff, in your opinion, would not increase the price, but would keep out the smaller glass. Do you mean by that that the foreign manufacturer could not afford to pay the tariff and come into this market and sell glass at the price that it would be sold for here? That is what you mean, is it not?

Mr. FAULKNER. Yes, sir; except that it is not the foreign manufacturer that I am after; it is the importer that imports the glass.

Mr. RANDELL. The tariff wall would keep out the foreign manufacturer?

Mr. FAULKNER. Yes, sir.

Mr. RANDELL. And that would give you opportunity to get three weeks more work in this country to supply that glass?

Mr. FAULKNER. Yes, sir. I want to compel them to buy American products.

Mr. RANDELL. I do not want to take up much time. Is that correct or not?

Mr. FAULKNER. Yes, sir; that is it exactly.

Mr. RANDELL. All right. Now, then, the same condition that would bar out his product would put it in the power of the glass manufacturer—if it was just one man, say, who was manufacturing the glass here—to raise the price of glass in this country, would it not?

Mr. FAULKNER. I do not believe that you understand the situation.

Mr. RANDELL. Just answer my question, either "yes" or "no," or say that you do not know.

Mr. FAULKNER. I would not be placed on record in a thing of that kind; I would not do that.

Mr. RANDELL. The same condition that would bar out the foreign product would give the power to the manufacturer here, if he should act as one man, to raise the price higher than it is now, would it not?

Mr. FAULKNER. It might possibly give him that power.

Mr. RANDELL. Do you not know that it would give him that power?

Mr. FAULKNER. But that is not the intention of it.

Mr. RANDELL. Answer my question, please, and I will soon be through with you. It would give him that power, would it not? [After a pause.] Then you do not know?

Mr. FAULKNER. I do not know. I can give you my opinion; but if you ask me something that I do not know, I will have to tell you that I do not know it.

Mr. RANDELL. That would keep him from having competition from abroad, would it not?

Mr. FAULKNER. The competition the manufacturer in this country faces from abroad is not from the manufacturer; it is from the importer that buys that glass over there and sells it on the market.

Mr. RANDELL. I understand that; but if the tariff wall was so high that he could not afford to bring that glass in there, then that glass would not compete, and the competition would be in this country. would it not?

Mr. FAULKNER. Exactly.

Mr. RANDELL. If all the glass in this country was manufactured by one man, he could not compete with himself; he could simply fix the price at the amount he pleased, not to go above the tariff wall and let the others in? Is not that true?

Mr. FAULKNER. Yes; but—

Mr. RANDELL. Just answer "yes" or "no," if you please.

Mr. FAULKNER. I want to answer "yes" or "no," but I want to explain what I mean.

Mr. RANDELL. Answer it first, and then explain.

Mr. FAULKNER. If it was in that shape; but it is not in that shape.

Mr. RANDELL. Then you say "yes?"

Mr. FAULKNER. Why, no; I will not say "yes" to a proposition of that kind.

Mr. RANDELL. I say, if it was that way?

Mr. FAULKNER. Certainly not, for this reason. Here is the point: It is absolutely, utterly impossible for it to be placed in the hands of one man, because you have hand plants in this country and machine plants in this country. They are competing in the market; they are rivals; and it is not in one man's hands, and never can be.

Mr. RANDELL. Wait a minute. If you can not answer my questions without taking up all this time in argument I shall have to withdraw the question.

Mr. FAULKNER. I have answered it in my own way.

Mr. RANDELL. If that could be the case, by combination—if these different plants could get together and the price could be controlled—you are willing that they should have the power to raise the price to all the people of the country in order that your 6,700 men might get three weeks' more labor; are you not?

Mr. FAULKNER. On that small stuff?

Mr. RANDELL. Yes.

Mr. FAULKNER. I am unwilling to have them do that, because they will not do it, in my judgment, on account of the competition between the hand and the machine plants.

Mr. RANDELL. What assurance have you that if they had this same protection they would not put down the price of labor instead of putting it up?

Mr. FAULKNER. If they attempted anything of that kind we would have to meet it; that is all. We have no assurance of it.

Mr. RANDELL. You would think hard of it?

Mr. FAULKNER. We have no assurance of it.

Mr. RANDELL. That is all.

The CHAIRMAN. Are there any others to be heard on this window-glass paragraph?

As there does not seem to be anyone else here, we will take up the question of bottles. We will now hear Mr. E. A. Agard, of Fairbury, Ill.

STATEMENT OF E. A. AGARD, OF FAIRBURY, ILL.

Mr. AGARD. Mr. Chairman and gentlemen of the committee, at the age of 11 years my father entered one of the few glass-bottle factories then in this country as a "tending boy;" as the small boy who carried away the bottles when made by the blower was called at that time.

He worked his way through the various grades of employees, remaining actively engaged in the business, until he retired at the age of 60 years. I myself went to work in a glass factory at the age of 14 years, became a blower at 19, and worked at the trade for several years, and am now a member in good standing of the Glass Bottle Blowers' Association, although it has been about twelve years since I worked at the trade; and though I appear before you to-day representing the manufacturers, by heredity, birth, education, and training my sympathies remain with the workmen; and in discussing the effect of a protected tariff, or the lack thereof, upon this industry, even from the standpoint of a manufacturer, I can not get away from the effect of my early environments, and the thought of the weal or the woe of the employees. The skilled mechanic and his family is always uppermost in my mind.

The manufacturers of glass bottles most respectfully urge that in any revision of the tariff that you may recommend that the present import duties upon bottles may remain undisturbed.

Within the past eighteen or twenty years we have had some experience with the baneful effects of a lesser tariff upon our product, and a repetition of those experiences at this time can not be contemplated with other than grave misgivings.

The tariff acts of 1883 and 1890 were such a stimulus to the industry that within that period the number of men employed in the production of glass bottles increased more than threefold, and the amount of capital invested in this business was correspondingly increased.

The tariff law of 1894, known as the "Wilson bill," which went into effect August 27, 1894, dealt us a blow from which we were years in recovering. During all of the time this act, which reduced the duty on glass bottles from 17 per cent to 40 per cent, and in some cases nearly one-half, was in operation the business was in a terribly demoralized condition. Many furnaces remained out of blast the entire time, others were only operated a part of the time, several were permanently abandoned, and only a few establishments, in the interior of the country and far removed from seaports and closely adjacent to the purchaser, were able to run with any degree of regularity. It was a grim and bitter struggle for existence that taxed the intelligence, patience, ingenuity, skill, and financial resources of employer and employee alike to the utmost.

After the most rigid and economical methods of production and distribution had been adopted, there still remained so wide a difference between the cost of production of bottles in this country and the cost of production in Europe that we were forced to ask our men to increase their hours of labor in an effort to meet the situation and stem the tide and flood of importation. This, failing to meet the situation, and we being unable to hold our own against foreign competition, we were finally reluctantly compelled to ask our employees to come to our assistance by accepting a reduction in wages of from 15 to 25 per cent. Our labor is highly skilled and intelligent, but a proposition of this character, which would reduce their standard of life and living below the comfort line, met with the most determined opposition from them. They were slow to grasp the gravity of the situation with which we were confronted, and to realize that our very industrial life was at stake, and for a time refusing to meet the unpleasant crisis in the only way possible, strikes and labor disputes, with all of their attendant heartburnings, misunderstandings, and disturbances ensued, until a fuller appreciation of our unhappy plight was reluctantly borne home to them, and they went to work, where employment could be secured, at the reduced wage.

In the manufacture of glass bottles nearly all of the cost lies in the wages paid to labor, the material of which the glass is composed—lime, sand, and soda—being of small value except for the necessary labor expended upon it, so that any reduction in the tariff upon bottles must fall most heavily upon labor, who will quickly and fiercely resent any attempt to take from them or to reduce the value of the only thing they have to sell—that is, their brawn and skill. And who will say that their position is not a natural, a logical, and a proper one. Certainly the people and the business interests of this country can not fail to be injured by anything that reduces the purchasing power of a large number of individuals and that brings upon us wide-spread labor disturbances and strife, which we are seeking in this instance to avoid. Some of the papers are seeking to advocate a reduction of the tariff upon various lines of manufactured articles in the interest, as they claim, of the consumer.

I heard a gentleman say just a few moments ago there is a great clamor upon the part of the consumer for a reduced tariff. I do not know where that clamor is. I think I meet as many consumers, perhaps, among those who are not interested in protected industries as any man on this committee. I live in a purely agricultural community, and at some time during the year, I think it is safe to say, every farmer in the township goes through my office and I meet him and talk to him. I am interested in this subject as well as in every economical and industrial subject. I have never failed in the last year to meet a farmer five minutes without asking him his views on the tariff question, and I have never heard one of them advocate a reduction upon a single article that is manufactured in this country.

THE CHAIRMAN. We do not care about that. Proceed with your argument.

MR. AGARD. Very well, Mr. Chairman.

The European manufacturers have such an overwhelming advantage in the way of cheaper production—that is, cheaper labor—that they can put their product on the American market at a price that is simply impossible for the American manufacturer to meet without a

tariff high enough to be protective. Indeed, if glass bottles were admitted free of duty, it would, in my opinion, mean the extinction of the business in this country.

The reduction of the import duty will not, in this case, as I have said before, benefit the general public, who, in the last analysis, is the consumer. Upon the contrary, it will result in a direct and permanent injury to the general public, by reason of the closing of many plants, with the dispersing and scattering of large bodies of skilled workmen and the reduction of the purchasing power of all of those identified with this business, even if some of the factories should be able to continue in operation. If the price of bottles was reduced to the brewer, the bottler, and to the great establishments of so-called patent and proprietary medicines, what possible benefit can the consumer derive from that. Beer, mineral water, and patent medicines will still sell at retail at the same price, and even the bottler would not be benefited, as the destruction of their business would have put it beyond the power of a large number of former consumers to purchase the product of the bottler. A single illustration to which I called your attention a moment ago will illustrate my meaning.

"Warner's Safe Cure," which is a patent medicine, costs at retail \$1 per bottle, equal to \$144 per gross. The cost of a gross of bottles, laid down in Rochester, N. Y., is about \$4, a very small fraction of the total cost. Suppose by a reduction of the tariff the price of bottles is reduced to \$3 per gross, making the cost of the medicine \$143 per gross, what possible chance is there for the retail buyer, the general public, to get any benefit from the reduced price, which is less than 1 cent per bottle?

The European manufacturer has another great advantage over the American manufacturer in the fact that he can and does operate his plant twelve months in the year, while in this country we are forced to close our glass factories during the months of July and August, and in some cases both the months of June and September, these months being altogether too hot for the operation of our plants to be profitable. The foreign manufacturer erects a furnace and operates it continuously until it is burned out, which may be a couple of years, and then closes down to repair or rebuild. In this country a tank furnace will cost about \$20,000, and after being operated from seven to ten months must be closed because the weather has become too hot to permit its operation. The putting out of the fires in a glass furnace means its practical destruction, and it must be rebuilt before it can be again operated, so that in the item of furnaces alone the cost of the American manufacturer is more than double that of his foreign competitor.

The following will show the cost of the standard sizes of beer and water bottles in Germany, taken from statistics, and the cost of production of the same class of ware in this country.

Cost of making a gross of pint and quart beer and water bottles in Germany: Labor, salaries, and blowing, 65 cents; fuel, material, boxing, and supplies, \$1.05; total cost of production, \$1.70.

I have not the exact figures giving cost of production of glass bottles in England, but I do know that it is more than \$1 per gross less than the cost in this country, upon pint and quart beers, water bottles, and goods of that character.

The English manufacturer is offering to deliver free on board ship quart beer and water bottles, packed in cases of 1 gross each, at \$3.63 per gross; pints at \$2.89 per gross, less 2½ per cent discount if payment is made in thirty days after delivery, while the German manufacturer is selling quart beer and water bottles in the ports of Mexico for \$2 per gross, the buyer paying the tariff and freight from port of delivery to interior destination, and the same can be done here.

Cost of production in America.

Cost of quarts (gross):	
Fuel, material, and supplies.....	\$2.00
Labor, salaries, and blowing.....	2.09
Total cost of quarts.....	4.09
Cost of pints (gross):	
Fuel, material, and supplies.....	1.44
Labor, salaries, and blowing.....	1.57
Total cost of pints.....	3.01
Average cost in America, pints and quarts.....	3.55
Average cost in Germany, pints and quarts.....	1.70

Mr. GRIGGS. What is that last statement?

Mr. AGARD. I said that the average cost in America, pints and quarts, is \$3.55 per gross, while the average cost in Germany, pints and quarts, is \$1.70 per gross.

Mr. GRIGGS. That is the average cost?

Mr. AGARD. That is the average cost; yes, sir; in Germany \$1.70, while the average cost in this country is \$3.75.

I just want to say that these figures can only be approximate. They are not intended to be accurate. My understanding is that the cost in Germany was taken from two or three factories engaged in that line of work, and I know that the cost as stated in this country, as I have just given it, was taken from a few factories that engage in this character of work in this country.

Mr. GRIGGS. I simply wanted your statement repeated.

Mr. AGARD. Skilled workmen have made them for years at a time, skilled workmen who were put on an order for a month or so, and naturally would not make as many of them, and the cost would necessarily be increased.

Mr. GRIGGS. The average cost in Germany is \$1.70?

Mr. AGARD. Yes, sir; and \$3.55 in this country.

As indicating the fact that our idea that a reduction of the tariff upon bottles can not prove other than injurious to us is well founded, I feel that I can not do better than to quote from the report of an investigation made by the president of the Glass Bottle Blowers' Association during the time that the Wilson bill was in operation, to wit, during the month of April, 1896, he having visited San Francisco, Cal., upon business connected with his office, and while there investigated the importations at that port alone. He said:

Finding it very difficult to get information at the custom-house at San Francisco, Cal., I went to the office of the San Francisco Call and solicited the aid of the commercial reporter of that paper. He kindly agreed to help me, and we went down to the custom-house together and secured the following data on importation, viz:

Quart bottles filled with wine—I may say right here that the reason the importation of bottles filled is given is that they come into

direct competition with empty bottles here. They are emptied here and then thrown on the market.

Quarter ending December 31, 1895:	Pounds.
Bottles filled with wine.....	374, 832
Bottles filled with brewed stuff, medicines, liquor, etc.....	90, 062
Empty bottles, beers, wines, clarets, water bottles.....	99, 396
Empty demijohns.....	35, 695
Quarter ending March 31, 1896:	
Quart bottles filled with wine.....	313, 750
Pint bottles filled with wine.....	252
Filled with liquor, medicines, etc.....	127, 576
Empty bottles, beers, clarets, water bottles, etc.....	1, 625, 331
Empty demijohns.....	39, 958

It will be observed that these goods were imported to San Francisco and do not include importations at Los Angeles and San Diego.

The general manager of the bottling department of the National Brewing Company, said: "We can purchase imported beer bottles cheaper than the home goods can be put on the market." Mr. Deberry, superintendent of the bottling department of the United Brewing Company, claims that it is solely a matter of cheapness with them in handling the foreign goods. "We can," he said, "purchase the imported goods much cheaper than the home article, although we find the eastern and homemade bottles capable of sustaining a greater pressure than the foreign bottles."

On April 11, 1896, I visited the docks, and to my surprise I saw three large Antwerp and Hamburg ships unloading cargoes of beer bottles, wines, sodas, clarets, etc. These goods are shipped in crates and sacks, and all three ships were unloading at the wharf in the port of San Francisco on the same day, and I think you will agree with me in saying it was a sickening sight to behold.

There are 1,200 grocers in San Francisco; they are well organized and all handle demijohns for wine, and mostly imported bottles. I interviewed a member of the Grocery Men's Association, and he informed me that he did not know that they were using the foreign bottles and could not tell an imported bottle from one made in this country.

The statistics sent out monthly by the Treasury Department giving the value of imports of this line of goods from the date of the introduction of the Wilson bill, August 27, 1894, to October 31, 1896, are as follows:

Bottles, vials, demijohns, and carboys, \$1,024,401.

And be it remembered that during the time that this enormous importation of glass bottles was being made American plants were lying idle, and should any reduction or change in the present schedule upon bottles be made a like condition of affairs would speedily prevail.

The glass bottle business of this country is not a small one, and unworthy of your consideration, but millions of capital and thousands of men are actively engaged in this enterprise.

The greatest and the gravest problem confronting Europe to-day is the problem of their unemployed. Men a long time out of work, hungry men with hungry families, are not wise and will not listen to reason. That is the philosophical reasoning of the high salaried and the well fed. A reduction of the tariff upon glass bottles will lessen the menace confronting Europe by putting a large number of their unemployed to work, and will transfer their trouble to your shoulders by closing our factories and reducing our capital, our investments, and our men to idleness, with all of the social, economic, and industrial ills that follow in the wake of idle capital and idle men, or it will force a reduction in wages to just the amount that the tariff might be reduced. The manufacturer has reduced the cost of

production and distribution in this country to the last final fraction that it is possible to attain without scaling down the wages of every person whom he may employ.

Mr. BOUTELL. I am sorry the chairman interrupted the speaker, because it has necessitated asking this one question:

You were speaking of the sentiment in your community, but had so far spoken of one class in the community. Knowing where you reside I know that you represent a community made up of prosperous farmers, of manufacturers, of farm laborers, of mechanics, of railroad men, of steamboat men, of mine owners, of miners, and the usual proportion of professional men. You say that the sentiment there of these consumers regarding the tariff revision is——

Mr. AGARD. The sentiment is, if the committee please, that there should be no reduction in the present tariff laws, and I speak advisedly, because I made it my business to speak to those men. Of course, as to the men engaged as workmen in protected industries, it was not necessary to ask them. I am one of them myself.

Mr. BOUTELL. I am very glad to get your opinion as to all of those consumers, because I know that is a typical American community.

Mr. COCKRAN. Do you mean to say you have never heard anybody complain of the high prices of living during the past year?

Mr. AGARD. No; I did not mean to say that at all.

Mr. DALZELL. No; he did not say that.

Mr. COCKRAN. I am asking him that.

Mr. AGARD. No, sir; I did not say that.

Mr. COCKRAN. You do not think the high price of living has anything to do with these high tariff rates at all?

Mr. AGARD. No; I do not believe it has.

Mr. GRIGGS. That is to say, you do not believe the tariff has advanced prices in this country?

Mr. AGARD. Not to the ultimate consumer.

Mr. GRIGGS. He is the man we are talking about. You do not think the ultimate consumer has had to pay anything more on account of high tariffs?

Mr. AGARD. Not along any lines with which I am acquainted.

Mr. COCKRAN. How do you account for the enormous increase of living in the last few years?

Mr. AGARD. I have not accounted for it.

Mr. COCKRAN. Then that explains your other answer.

Mr. GRIGGS. You are engaged in making bottles?

Mr. AGARD. No, sir; I have not worked at it for twelve years.

Mr. GRIGGS. What is your business?

Mr. AGARD. I am a lawyer.

Mr. GRIGGS. Oh; that will do. [Laughter.]

Mr. AGARD. I saved money enough while working at the trade to attend law school, and am practicing law. I want to say in explanation that I base my reason for believing that the consumer does not ultimately pay this upon the fact that up until a few years ago and during nearly all of the years when I was engaged as a blower in the glass-bottle business I was secretary of the executive board of the labor organization and met the manufacturers to fix the wages, and we got the tariff.

Mr. GRIGGS. Did you retire entirely from your profession of blower when you went into the law?

Mr. AGARD. That is a question upon which I believe there is no tariff.

Mr. HILL. You spoke about the wines in bottles being imported free of duty. The bottles have no duty, you mean?

Mr. AGARD. Yes; but I say that the reason I mentioned that is that during the time the Dingley bill was in effect they did not pay that, and the result was they sent them over here filled with cheap wines, and the wines were emptied and the bottles were sent into competition in the trade here.

Mr. HILL. They do now still go into competition, do they not?

Mr. AGARD. Certainly. There are glass bottles imported—lots of them.

Mr. HILL. Do you know how much that amounts to?

Mr. AGARD. No, sir; I do not. I did not bring those figures here.

Mr. GRIGGS. You said, also, that you went down on the wharf in San Francisco.

Mr. AGARD. No, sir; I was quoting from the report of the president of the Glass Blowers' Association.

Mr. GRIGGS. You could not tell whether he was sick from seeing the bottles empty or seeing them imported?

Mr. AGARD. From my knowledge of the gentleman, I do not think a full bottle would sicken him.

Mr. GRIGGS. Could you stand a doubling of this duty?

Mr. AGARD. We do not ask to have the duty raised at all.

Mr. GRIGGS. Would you like to have it raised?

Mr. AGARD. No, sir; we do not want it raised.

Mr. GRIGGS. Would that injure your business, if we did raise it?

Mr. AGARD. I think so. I will tell you why I think so. The glass manufacturers, you will find, are in a different position from other manufacturers. If you raise the duty on this, the blowers would get it at the next wage conference. The manufacturers would be compelled to raise their wages. That would raise the price to the consumer, and he would come in here at the next session of Congress and want a reduction.

The CHAIRMAN. You need have no fear of the duty being raised, I believe.

Mr. COCKRAN. I thought you said it would not affect the consumer at all?

Mr. AGARD. I did not say anything about raising the duty.

Mr. COCKRAN. You mean this golden rule does not affect the consumer?

Mr. AGARD. I mean the price, perhaps, would not be raised to the consumer. If you paid \$2 a bottle for wine, or \$4 a bottle, and the bottles only cost \$4 a gross, they would not take less than a cent off of the price of the bottles to the actual consumer, but the bottler would be heard to complain, and I do not think he is here to-day.

The CHAIRMAN. The subject seems to have been thoroughly exhausted, and we will now turn to the next subject, which is that of cut glass. We will hear first from Mr. Frederick Garder, of Corning, N. Y.

STATEMENT OF MR. FREDERICK GARDER, OF CORNING, N. Y.

The CHAIRMAN. You may proceed, Mr. Garder.

Mr. DALZELL. Under what paragraph is this?

Mr. GARDER. Paragraph 100, I think. This is cut and engraved glass of the finest quality. I represent Messrs. T. C. Hawkes & Co., one of the largest manufacturers of fine cut and engraved glass in this country, and its allied concern, the Steuben Glass Works, both of Corning, N. Y. They are independent concerns and do not belong to the American Association of Glass Manufacturers.

The very existence of the cut and engraved glass industry in America depends upon a high tariff. It is essential for its further progress that the present tariff be maintained, and, if possible, increased.

The necessity for a high and protective tariff is due to the great difference in the cost of labor and materials, labor alone being from two to three times higher in this country than in Great Britain, where they pay the next highest wages.

In America the skilled glass makers make from \$35 to \$44 per week, while in Great Britain they make from \$10 to \$16 per week. Skilled glass cutters in America make from \$14 to \$19 per week, as against \$5 to \$7.50 per week in Great Britain. Skilled glass engravers earn in America from \$18 to \$27 per week, as against in England from \$5 to \$10 per week.

Ordinary laborers in America get \$9 per week, which is more than some skilled artisans get in Great Britain.

Even at the present tariff, the foreigner is able to bring engraved glass of the finest quality into this country at prices which the manufacturers here can not possibly meet. For instance, I have here an engraved goblet made in England. It is landed in this country at \$17.28 per dozen—

The CHAIRMAN. I believe we could see that better if you would open the package.

Mr. GARDER. Yes, sir; if you will allow me to do so. I will pass this to the committee for examination.

This, as I say, can be landed in this country at \$17.28 per dozen, and would cost about 40 shillings per dozen at the factory in England.

It is fair to say that for every dozen of fine engraved glass produced in America there are twenty dozen imported. If the present tariff is reduced, the English, French, Austrian, and German would be able to swamp us, and it would mean the closing up of a number of factories.

Coming to the question of blanks for cutting and engraving, the Steuben Glass Works, which is a concern allied with this concern of which I speak, find that they are forced to send orders abroad simply because their own concern, of which I am secretary and manager, can not make them at the existing prices. They have an order at the present time placed with a European factory to the amount of \$5,000, which can be landed in Corning at from 14 to 19 cents a pound, prices we could not possibly meet. Our contention therefore is, Mr. Chairman and gentlemen, that there should be no change made in the tariff.

The CHAIRMAN. Cut glass is a luxury?

Mr. GARDER. Yes, sir.

The CHAIRMAN. And a very good revenue producer—about a million and a half under this schedule?

Mr. GARDER. Yes, sir.

The CHAIRMAN. If that is all, we will next hear from Mr. M. A. Blair, of Pittsburg, Pa., on the subject of bottles and window glass.

STATEMENT OF MR. M. A. BLAIR, OF PITTSBURG, PA.

Mr. BLAIR. Mr. Chairman and gentlemen, I think from your jaded and weary looks you will be thankful to the man who, if he does not agree that "brevity is the soul of wit," will in this case comply with the suggestion that "brevity is the essence of propriety," and I shall therefore be very brief.

I beg to say that I represent a committee of glass manufacturers whose line of manufacture embraces almost the entire list with the exception of window glass and plate glass and common, ordinary bottles. It takes in lamp chimneys, globes, shades, lamps, tumblers, goblets, wines, tableware, and cut glass. The number of firms that cover this entire list in this country do not number over 50 to 60. They employ probably 60,000 people, and the aggregate of their sales will probably amount to about \$15,000,000.

In presenting our claims on this question of revision of the tariff we desire to say that it is not our intention to ask for an increased duty, but to ask for a different method of assessing the duty. I think your committee has had quite an enlightenment in the questions that have been asked and answered here in the last day or two in regard to the undervaluation of imported goods. At present our duties are based entirely on the principle of ad valorem. In view of the fact that we have had to stand advances in the cost of manufacture, first, from, through, and by the question of undervaluation; and second, by discrimination of freight rates between manufacturers in America and manufacturers in Europe, and also through other causes which we have enumerated in a brief which we shall submit, we feel we can not stand any reduction of the tariff, and ask that you gentlemen give us a specific duty, accompanied in some cases by an ad valorem, but which, we beg to state, is no more of a duty than we are entitled to under the present bill were that duty properly assessed and collected.

Mr. GRIGGS. Do you know what the revenue is from cut glass now?

Mr. BLAIR. Sixty per cent on cut glass.

Mr. GRIGGS. What is the amount of the revenue?

Mr. BLAIR. No, sir; I do not know that.

Mr. DALZELL. Mr. Blair covers a great many classes of glass. He is not confined to cut glass.

Mr. GRIGGS. It is all ornamental glass, is it not?

Mr. BLAIR. No, sir. I have enumerated the line of glasses covered, such as tumblers, goblets, shades, globes, lamps, tableware, lamp chimneys, and others. That whole line of goods, with the exception of common, ordinary bottles, we cover.

Mr. DALZELL. Have you stated in your brief your suggestions as to the new classifications you desire to have?

Mr. BLAIR. Yes, sir; and I beg to say that we spent a good deal of time and have framed a list of schedules to take the place of the

present schedules, which you will see by comparison of number, in which many of the incongruities and inaccuracies that are in the present bill have been entirely eliminated. We beg to say that we have made this especially clear and explicit, so that the disputes and appeals and court trials that have taken place in the last ten years in the customs-house may be hereafter avoided.

Mr. COCKRAN. The general effect is to raise the duty, is it not?

Mr. BLAIR. No, sir; it is just to get what we have in such shape that it may be thoroughly understood, so that under the present duty we will have a proper valuation of the goods.

Mr. DALZELL. If specific duties were possible instead of ad valorem?

Mr. BLAIR. Yes, sir.

(The brief submitted and filed by Mr. Blair is as follows:)

WASHINGTON, D. C., *November 24, 1908.*

Mr. Chairman and gentlemen, in appearing before your honorable body to-day asking for consideration in the matter of tariff revision, we beg to say that our main grievance or complaint exists in the fact that the present tariff bill calls for an ad valorem duty while we desire a duty imposed on the principal of ad valorem and specific combined. Our reasons for asking this change in the manner of assessing duty is because of the very great undervaluation upon the cost of goods brought into our country by importers from foreign countries. A reference to the custom-house records will show to what extent this evil has existed, how frequent have been the disputes and appeals and court trials, and when it is shown that the courts have in their decisions added as much as 40 per cent in some cases to the importer's dutiable cost price, we think the justice of our claims will be appreciated.

We do not advocate an increase over the present rates, but in the proposed rearrangement some articles will necessarily be advanced and others decreased, therefore we ask for a readjustment of the schedule governing that extensive class of manufactured goods known as "glassware" and used in connection with artificial lighting and glassware used in every hotel, restaurant, and café, as well as on domestic tables. Paragraph 100 of the present bill is the only paragraph supposed to cover this class of goods. It is vague and incomplete, and for this reason the Government's statistics showing the amount of this class of glassware being imported is incomplete and worthless, as the bulk of it is coming in under section 6, articles of manufacture nonenumerated, and paragraph 193, as manufactures of miscellaneous metals, and paragraph 112, under the general sheet glass, mirror, and lense schedule. We therefore ask that such glassware be specifically enumerated, and further, that the bracket, glass, and glassware be separated so it could be known exactly what revenue is derived from glassware.

Since July, 1907, the date the German agreement went into effect, in connection with the general condition of the country, the blown glassware industry has been in a deplorable condition, more especially those manufactured goods in direct competition with imported goods. The fact is, during that period the blown factories of America have been operating only partially. One of the largest concerns has gone into bankruptcy; others may follow if relief is not given to equalize the difference in cost of labor, while during this same period most

of the press-glass factories have been operating in full or almost in full. We therefore say that if present straight 60 per cent ad valorem was collected on correct valuation we would be satisfied, and that a change of rate is necessary and must necessarily be specific to equalize the difference in cost of labor, and to give us what was intended in the present bill and to overcome the advantages given by the German agreement.

A large per cent of the glassware that is imported is a luxury. European manufacturers of such glassware are establishing warehouses in this country and doing their own importing, thereby dispensing with the American importer. The valuation they put on their goods under the German agreement is not known to their American competitors. It seems impossible to obtain this information. Pressed glassware, as manufactured in America, may to some extent be considered a necessity, for it is used extensively and can be sold in competition with the cheaper grade of imported blown glassware.

In the manufacture of glassware please bear in mind that more than 60 per cent of the cost of the product is the pay rolls for labor, and if the pay rolls of the items we use, such as fuel, sand, chemicals, and supplies, be included the actual proportion of labor to cost would be about 80 per cent.

We ask for this protection because our labor cost has been greatly augmented by state legislation on account of the child-labor agitation, necessitating the employment of adult unskilled labor that heretofore was done by boys who were learning the trade.

Up to the present time we have not required much, if any, protection on pressed glassware, because its manufacture has been confined to a great extent to America. Europeans, also Japanese, are also manufacturing it. Many articles are in part pressed and part blown, and it is absolutely impossible to describe either pressed glassware or blown glassware so they can be readily distinguished one from the other; a very large proportion could only be distinguished by experts. Many glass articles that are now made by blowing could be pressed if the tariff was arranged to favor pressed glassware, and should you make a discriminating rate of duty between pressed and blown glassware we would be no better off than we are to-day.

We are at a great disadvantage as to freight rates. International freight rates are so much less than interstate freight rates from seaboard to interior on corresponding goods that it operates to nullify the tariff materially, and if this could be regulated by Congress we would have the Canadian railroad freight rates to contend with. To illustrate the undervaluation with freight discriminations favoring imports to interior, we quote the following:

Railroad rates from New York.

	To Chicago.	To East St. Louis.	To Peoria.
	Cents.	Cents.	Cents.
On American goods.....	55	64	61
On foreign goods.....	16	19	18
Advantages to foreign manufacturers.....	39	45	43

The above figures do not look very large, but they amount to about all the profit that can be made out of some things; so you can readily see, with a 60 per cent duty, that between undervaluations and freight discriminations in favor of the imported goods it has been cut to about one-half the amount provided by the tariff schedule.

We ask that paragraph 99 be changed so as not to conflict with the paragraph we offer to take the place of paragraph 100 in the present bill, and we ask new paragraphs to enumerate such articles of glassware that are not specifically named in the glassware schedule, and that heretofore have been classed under paragraph 193 and section 6 by the Board of General Appraisers because the courts have so decided.

We ask that a tariff commission be provided. If for no other reason, this is necessary to officially decide what certain articles of manufacture are, so as to eliminate inconsistencies and repetitions. For example, what is porcelain? In the Dingley bill this is rated as glassware, in paragraph 100; also as chinaware in paragraphs 95 and 96. There are articles of glassware known to the trade that are intended to be covered under the new paragraph 100 that are mentioned in paragraph 115, such as alabaster glass, coral glass, rock-crystal glass, spar glass.

Something is needed like Congress has provided in the pure-food bill, that the present inconsistencies may eventually be eliminated.

Asking your kind consideration in our behalf, we beg to remain.

Yours, respectfully,

GEO. W. BLAIR,
DANIEL C. RIPLEY,
WM. F. DORFLINGER,
MARSHALL W. GLEASON,
W. A. B. DALZELL,
WM. T. GILLINDER,
THOS. W. MCCREARY.

Glass Manufacturers' Committee.

Proposal for 1909 bill.

GLASSWARE.

Change paragraph 99 to read:

Plain green or colored glass bottles, vials, or jars, blown or pressed when filled, and covered or uncovered demijohns and carboys, filled or unfilled, not otherwise specially provided for, and whether their contents be dutiable or free (except such as contain merchandise subject to an ad valorem rate of duty, or to a rate of duty based in whole or in part upon the value thereof, which shall be dutiable at the rate applicable to their contents), shall pay duty as follows: If holding more than one pint, one cent per pound; if holding not more than one pint, and not less than one-fourth of a pint, one and one-half cents per pound; if holding less than one-fourth of a pint, fifty cents per gross: *Provided*, That none of the above articles shall pay a less rate of duty than 40 per centum ad valorem, that same shall not be filled as a subterfuge.

Change paragraph 100 to read:

Articles of glass and glassware, colored, colorless, opal, opaque, completed or partially completed, including chimneys, globes, shades, and other articles made

of glass and used in connection with artificial lighting, either pressed or molded or blown, and including tumblers, stem ware, decanters, carafes, dishes, compots, water bottles, oil bottles, jugs, pitchers, vases, and other containers made of glass; also table glassware, either pressed or molded or blown, including unfilled jars, vials, and bottles with or without ground stoppers, and including siphon bottles, inks, salt shakers with or without metallic tops or mountings, and any articles of which such glass is the component material of chief value not otherwise specifically provided for:

Provided, They are not ornamented or decorated in any manner, shall pay a duty of six cents per pound and twenty-five per centum ad valorem: *And provided further*, If they be decorated in any manner by being cut, engraved, painted, stained, fumed, silvered, gilded, etched, sand blasted, frosted, ground, or printed in any manner with either polished or unpolished ground surface or flat flutes or otherwise partially or completely ornamented or decorated, not otherwise specifically provided for, shall pay a duty of six cents per pound and fifty per centum ad valorem.

A new paragraph to be inserted:

Articles of glass or glassware pressed or molded or blown, weighing less than two pounds per dozen: *Provided*, They are not ornamented, cut, or decorated in any manner, shall pay a duty of twelve cents per pound and twenty-five per centum ad valorem: *And provided further*, If they be ornamented, cut, or decorated in any manner they shall pay a duty of twelve cents per pound and fifty per centum ad valorem.

A new paragraph to be inserted:

Articles of glass known as blanks for cutting, if wholly unfinished, ten cents per pound; if partially finished, ten cents per pound and fifty per centum ad valorem.

A new paragraph to be inserted:

All pressed or molded or blown glassware or articles made of molten glass, not otherwise specially provided for in this act, and composed wholly or in part of glass, together with all metallic attachments thereto, whether partially or wholly manufactured of glass, if completed or partially completed, shall pay a duty of ten cents per pound and sixty per centum ad valorem.

We ask that present bracket glass and glassware be separated, giving glassware bracket to itself.

CANANDAIGUA, N. Y., November 20, 1908.

HON. SERENO E. PAYNE,

Member of Congress, Washington, D. C.

MY DEAR MR. PAYNE: This will introduce Mr. Samuel Hawkes and Mr. Frederick Carder, of Corning, N. Y., representing Messrs. T. G. Hawkes & Co., of the Steuben Glass Works, of that city.

The gentlemen wish a hearing before your committee on Monday next, the 23d instant, in reference to cut glass and engraved glassware, a large quantity of which is manufactured in Corning.

Thanking you in advance for the courtesy, I am, with kindest remembrances,

Most sincerely, yours,

MACK A. SMITH.

CORNING, N. Y., November 21, 1908.

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We understand there is some talk of reducing the tariff on cut and engraved glassware. We beg to state that we firmly be-

lieve that any reduction would be very detrimental to the trade in this country, and would respectfully ask you to do all in your power to prevent it.

Very respectfully, yours,

THE HUNT GLASS COMPANY,
H. S. HUNT, *Secretary*.

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Our competition with foreign cut and engraved glass is very keen at the present time on account of the cheaper labor abroad, as more than 50 per cent of the value of the finished ware represents labor. For this reason we feel certain that any measure to reduce the tariff on these products would be very harmful to the industry in this country.

We would therefore ask you to carefully consider any effort to reduce the present tariff before giving your consent to the measure. We make this request, not only in our own interest, but in behalf of the workmen employed in the production of domestic cut and engraved glass.

Very respectfully, yours,

THE O. F. EGGINTON COMPANY.
ERNEST M. BRENNAN, *Secretary*.

CORNING, N. Y., *November 21, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We are informed there is possibility that the present tariff on cut glass will be reduced by Congress next year.

We are strongly opposed to any reduction whatever, for the reason that the present rate of 60 per cent is barely sufficient, and any reduction will compel us to reduce the wages of our workmen so that we may hold our market in the United States.

The competition among American cut-glass manufacturers is very keen, which keeps the prices as low as they can be made and leave a small margin of profit.

We hope the evidence submitted will convince your committee that a reduction is not for the best interests of the people or the cut-glass industry.

Yours, respectfully,

H. P. SINCLAIRE & Co.

CORNING, N. Y., *November 21, 1908.*

HON. SERENO E. PAYNE,

Washington, D. C.

SIR: We have heard it rumored that the tariff affecting the glass industry is to be changed to a lower rate. Kindly allow the writer to say that in our opinion such a change would be very detrimental to the glass industries of the United States.

Since we began business we have paid out for labor about \$3,000,000. We have paid for blanks, which represents another form of labor in the same line, about \$1,000,000, and our other expenses connected with maintaining our business would average very close to a million dollars, making a total since we began business of about \$5,000,000 that we have paid to the workingman of our community, and as our product is used almost entirely by the wealthy people, we have, as you might say, taken this large amount of money from the richer classes and transferred it to the workingman.

The American blank production and some of the most expensive finished ware in rock crystal or engraved glass has been very seriously injured by the foreign importation; and importers are very quick to take advantage of any reduction in our tariff to flood the States with goods of foreign manufacture.

Therefore we respectfully ask your committee to raise the rate instead of lowering it on all blanks and finished ware imported into this country.

Very truly, yours,

J. HOARE & Co.,
GEO. L. ABBOTT,
Vice-President and Secretary.

The CHAIRMAN. If there is nothing further, we will now hear from Mr. George W. Wells, of Southbridge, Mass.

STATEMENT OF GEORGE W. WELLS, OF SOUTHBRIDGE, MASS.

The CHAIRMAN. You may proceed, Mr. Wells.

Mr. WELLS. My name is George W. Wells, and I am president of the American Optical Company, of Southbridge, Mass. I desire to speak briefly with reference to paragraphs 108, 109, 110, and 111, and also paragraph 565 of the free list.

My company is engaged in the manufacture of optical goods, such as spectacles, eyeglasses, goggles, test cases, lenses, mountings, and cases for glasses. What we desire is the continuance of paragraphs 108 and 110 of the present law.

After changing paragraph 109 to conform to decisions that have been made under it, we would recommend, if the committee please, further changes as follows:

First, after the word "cylindrical," strike out the word "or."

Second, after the word "prismatic," insert a comma and the words "toric or other."

Mr. COCKRAN. Would you mind spelling that word for me?

Mr. WELLS. T-o-r-i-c.

Mr. GRIGGS. Would you mind defining that word for me?

Mr. WELLS. The definition would be, in my terms, two spherical curves on one surface. If you should take a doorknob and cut a slice off of the side, you would get a toric. Do I make myself clear?

Mr. GRIGGS. Thank you.

Mr. WELLS. The idea in suggesting this is that there should be no misunderstanding in classifying these glasses, and the word "other" is inserted so that later on, as there are likely to be other kinds of lenses than those defined in the old law, this would simplify the classification, and that is our only object.

We would like to have paragraph 111 changed as follows: First, after the word "optical" insert the words "or scientific;" and, second, before the word "frames" insert the words "optical parts" and a comma; and, third, that the paragraph should be changed to conform to decisions rendered, as I have suggested before.

The optical industry in this country is carried on by twenty to twenty-five firms or companies, besides an incidental optical business by jobbers and manufacturing opticians. It is mainly located in Massachusetts, New Hampshire, Connecticut, New York, Pennsylvania, and Michigan. The capital employed is estimated at \$6,000,000, the number of employees at 6,250, the wages paid annually at \$3,365,000, and the annual product at \$7,315,000. The business was begun in a small way in 1833, but the principal development has been made in the last thirty-five years.

The reason I give these figures, gentlemen, is that until a comparatively recent period the optical business in the lines in which we are interested was practically nothing. At the time I learned the trade there were very few employees in the United States manufacturing this class of goods, so that the development has been under the protective tariff as it has existed for the past thirty-five years.

There is no trust or combination in the business and no agreement to fix prices. If some concern cuts prices, the others follow. This may seem like uniformity, but it is the result of strict competition.

The prices of none of our products have been increased as the result of protection; on the contrary, they have repeatedly been reduced. From 1865 to 1870 a line of spectacles were sold from \$8 to \$12 a dozen. Now a better article is sold for \$2 a dozen. The old were made from imported steel and imported lenses; the new from all-domestic steel and lenses, except the rough stock for lenses, which is not made in this country. What is true of this class of our products is true in varying degrees of all the others.

I do not want it understood, if the committee please, that these articles of goods mentioned at \$2 per dozen are the lowest price class of goods we manufacture, because there are many others manufactured by ourselves or others in this line of business. It is a fact that goods are made in this country as low as \$6 per gross and varying from that price on up.

The wages paid in our industry are from two to three times as high as those paid for the same classes of work in France and Germany, our principal foreign competitors. Ninety per cent, in many cases, of the cost is labor, and for this reason duties can not be reduced without endangering employment and wages.

We export to nearly all countries for exactly the same prices that we get at home. Our exportation is, however, but from 6 to 10 per cent of our production, and it is wholly due to the superiority of our goods. The fact that we are able to export does not prove that we no longer need protection. The business of our foreign competitors has been developed and improved, like our own, and they often imitate our styles and export the goods to this country at prices with which we could not compete without protection.

I might add also that they import into other countries from this country tools and machinery for manufacturing the goods from the same processes that we use here at home.

We do not claim that protection is needed wholly on account of the labor which we employ. The labor and risk and responsibility of the owners needs defense against conditions of production very dissimilar to our own, which involve a lower cost in nearly all respects. Besides, it would be of no benefit to either producer or consumer, but, on the contrary, a great detriment to have our industry disorganized or depressed by aggressive and unfair foreign competition.

Taking up now the matter of paragraph 565 on the free list, which includes the optical disks for lenses, I will say that those are on the free list to-day. It is necessary they should be kept on the free list in order that we may compete in that line of goods, from the fact that they are not produced and we can not get them produced in this country.

Mr. COCKRAN. I do not quite understand, if you can sell abroad in competition with those producers, how they can sell the same article in this country at a lower price than you?

Mr. WELLS. It is wholly the quality of the goods. It is an accepted fact through the United States and through the entire world that the goods made in this country in the line of optical articles are superior to anything made in any foreign country, and they sell on their merits, because some want and will have the best. That is the only reason we can sell in that way.

Mr. COCKRAN. If you can defeat competition in their markets, how can they undersell you in your own market?

Mr. WELLS. We do not compete with their goods. We have something better than they make. They can not make it, and they pay our prices for it.

Mr. COCKRAN. If you make goods so much better than theirs that they can not approach you in competition over there, how can they approach you in competition here?

Mr. WELLS. They can do it. They can put goods into this country for very much less than we can sell them for, on the cheaper grades of goods, without protection.

Mr. COCKRAN. As good as yours?

Mr. WELLS. As good as our cheap goods.

Mr. COCKRAN. I see. It is the expensive goods you want?

Mr. WELLS. It is the higher-class goods and lenses. I do not know of any industry in the United States that has progressed to the extent of the optical business along the line not only of cheapening their production but of improving the quality, so that it is an acknowledged fact throughout the world that the American spectacle and eyeglass lenses are the very best.

Mr. BOUTELL. Do you make those refractory binoculars?

Mr. WELLS. No, sir.

Mr. BOUTELL. Where are they made?

Mr. WELLS. The line of goods in which I think you are interested to ask questions about are probably made by the Bausch-Lomb Optical Company, and a representative of that company will be called next.

Mr. COCKRAN. They are made in Germany, are they not?

Mr. WELLS. No, sir; in this country.

Mr. RANDELL. Did you say that the lenses are on the free list and can not be made in this country?

Mr. WELLS. No, sir.

Mr. RANDELL. What was it?

Mr. WELLS. What was it?

Mr. WELLS. The optical disks for lenses. It is the rough stock from which we make the lense. That lense is not and never has been made in this country.

The CHAIRMAN. We will now hear from Mr. Edward Bausch, of Rochester, N. Y.

STATEMENT OF MR. EDWARD BAUSCH, OF ROCHESTER, N. Y.

Mr. BAUSCH. If the committee please, I am in full accord with the suggestions made by Mr. Wells. I think it is also well to state, that there may be no misconception, that Mr. Wells spoke of the optical industry, meaning to apply it to his products and those of others in spectacles and spectacle frames particularly, whereas our situation is different, in so far as we manufacture, in addition to spectacle lenses, such articles as photographic lenses, telescopes, microscopes, surveying instruments, and a variety of other instruments which might perhaps be defined as scientific apparatus.

In addition to being manufacturers, business conditions have brought about making us importers of chemicals, chemical glassware, and allied laboratory supplies. Importers of these goods have had a great deal of difficulty, and the Government as well, in a proper classification of them, and there have been very many cases referred to the Board of General Appraisers and there have been decisions varying from 40 to 60 per cent.

We would suggest the insertion of a new paragraph to take care of that portion of it, to read as follows:

Glassware, blown, pressed, or molded, in the form of beakers, flasks, burettes, pipettes, or other articles used for chemical purposes (except glass bottles), forty-five per centum ad valorem.

We also suggest adding to the free list, following paragraph 578, which I think should be suitably numbered and named Iceland spar. I have not time to see whether that can be brought to this country or not. We have not made an effort to do so, and there may be some provision by means of which it can be brought here. Iceland spar is a product found only in Iceland. The mines from which it is taken, I understand, are flooded. The Danish Government has sole control of the product, in whatever shape it may be or whatever supply there may be, and to our knowledge it is not found in any other part of the world; at any rate, in any usable quantity. It is desirable to take up the manufacture of articles in which this is embodied. It is used in scientific apparatus for polarizing purposes and the testing of sugars and oils.

STATEMENT OF MAX DREY, OF NEW YORK.

The CHAIRMAN. Have you anything to offer, Mr. Drey?

Mr. DREY. I have no brief to submit, if the committee please, and nothing special to state in addition to what Mr. Wells has stated, except that our business is practically the same as his. We make practically the same line, the main difference being that his is an established business so far as the lens part goes and in ours is entirely

new. We have been making lenses in a very small experimental way for about four years, and we have just come to the point where we are putting up a building and putting thirty or forty thousand dollars capital into this particular branch of our business. We employ about 325 hands now, and we will within a year and a half, if this business develops as we hope, add probably 100 more.

The lens-making business, as I say, is new to us, and we feel very keenly the need of protection. Two different concerns have started in the last ten or fifteen years and have failed and gone out of business, and one concern has gone through a great many vicissitudes. They started since the Dingley tariff—I think in about 1898 or 1899—and have lost all their common stock and one issue of preferred stock, and are just again getting on their feet. So I think it is reasonable to assume the tariff is not excessive. We would like to see the tariff retained as it is, as we feel it is vital to the investment of capital and the employment of labor which we expect to employ.

Mr. GRIGGS. You say you are making lenses?

Mr. DREY. Only in a small way. We manufacture frames and optical machinery and instruments.

Mr. GRIGGS. Where is your plant?

Mr. DREY. Geneva, N. Y.; halfway between Rochester and Syracuse; 100 miles east of Buffalo. I believe that is all I have to say, and I thank you.

The CHAIRMAN. Is there any other gentleman who desires to be heard on these matters? If not, the hearing is closed, and the committee will take an adjournment until to-morrow morning at 9.30 o'clock.

(Thereupon, at 6 o'clock p. m., the committee adjourned until to-morrow, Wednesday, November 25, 1908, at 9.30 o'clock a. m.)

APPENDIX.

Mr. W. E. Wells, of Newell, W. Va., representing the Horner-Laughlin China Company and the United States Potters' Association, submitted the following brief:

DISTINCTION BETWEEN CHINA AND EARTHENWARE.

There are two distinct and clearly defined grades of table crockery in common use. One is known to the trade by the general term of "earthenware" and the other as "china." There are various grades and qualities of these two general classes, and they are designated by quite a variety of trade and technical terms. The two general divisions of "china" and "earthenware," however, are comprehensive and represent the distinction with which everyone connected in any way with the pottery industry is familiar.

The two grades are readily distinguished. China is always vitrified, both in body and glaze, and if thin is always translucent. When broken, the fracture appears dense and of a glassy nature and will not absorb moisture. Earthenware is not vitrified in body, or only partially so. It is usually opaque, but when broken exposes a more or less porous and absorbent fracture.

China is more difficult than earthenware to manipulate in every process of manufacture. It is subject to a much greater loss in the process of burning and consequently costs much more to produce. Experience has determined that the total cost of producing china in American potteries ranges from 40 per cent to 75 per cent above the total cost of producing earthenware.

COUNTRIES OF PRODUCTION.

Crockery importations from Germany, Austria, and Japan are confined largely to china, but a small percentage being in earthenware. On the other hand, the English crockery competing with the American product is largely earthenware, but a small percentage being in china.

The average rate of wages and the total cost of production in those countries sending us china principally is materially lower than the rate of wages and cost of production in England, the only country sending us earthenware chiefly.

PROTECTION PROVIDED ONLY AGAINST ENGLAND.

From the time the business was first established here, about 1870, until the date of the Dingley bill the American potter reckoned only with England as a serious competitor. The pottery schedules of every tariff bill passed during that period took only the English into account.

The rates under the Dingley law were calculated to equalize the difference between American and English costs of production, and in actual operation they were set at just about the right point to give an even chance in this market to the manufacturers of the two countries.

During the life of the Wilson-Gorman tariff low-priced German and Austrian china, and to some extent pottery from Japan, obtained a foothold here; yet in 1897 the volume of these importations did not occasion serious disturbance nor excite alarm. Nor was it then foreseen that these lines would so soon surpass the receipts from other countries and become of vastly greater importance as competitors of American pottery than English earthenware had ever been.

The rate of duty provided in the Dingley bill which has given us an even chance against the higher rate of wages paid in England and which enables us to make and sell earthenware, is not sufficient to afford any protection whatever against the low wages prevailing in the china factories of continental Europe and elsewhere.

This rate of duty is, therefore, a prohibitive tariff against the making of china in America.

STATISTICS.

The following table shows the foreign or dutiable value of importations of pottery from the countries named for four years, selected at intervals over a period of twenty-three years, fairly illustrating the growth of the business during that time. The American market values are approximately double the figures given.

	England.	Germany and Austria.	Japan.	Total imports.
1885.....	\$3,048,000	\$992,000	\$76,000	\$4,838,000
1890.....	3,954,000	1,885,000	204,000	6,478,000
1901.....	3,187,000	4,014,000	460,000	9,351,000
1907.....	3,148,000	6,098,000	1,976,000	13,706,000

In percentage the foregoing table shows the increase from 1885 to 1907 to have been as follows:

	Per cent.
From England, principally earthenware.....	3
From Germany and Austria, principally china.....	515
From Japan, principally china.....	2,500
From all countries, principally china.....	183

No accurate statistics are available showing American production for 1885, but from best attainable information it is estimated to have increased about 100 per cent from 1885 to 1907.

The actual increase in importations was materially greater than shown by the above table as prices were generally much higher in 1885 than in 1907.

The following table shows the actual growth of importations of foreign pottery as compared with the increase in American production from 1901 to 1907, illustrating what is happening under present business conditions and the present tariff law. The amounts given are actual American market values, the only true basis of comparison.

The amounts for foreign countries are arrived at by multiplying dutiable values by two.

	1901.	1907.	Increase.	Per cent increase.
American production.....	\$13,452,000	\$15,844,000	\$2,392,000	18
Imports from:				
Germany and Austria.....	8,028,000	12,198,000	4,168,000	52
Japan.....	919,000	3,952,000	3,033,000	33
England.....	6,374,000	6,297,000	(*)	
France.....	3,087,000	3,757,000	668,000	22
All countries.....	18,718,000	27,413,000	8,695,000	46
Imports of earthenware, estimated.....	7,000,000	8,000,000	1,000,000	14
Imports of china, estimated.....	11,718,000	19,413,000	7,695,000	66

* A slight loss.

Comment upon the foregoing table is hardly necessary. It tells its own story, demonstrating conclusively that we are operating under adverse conditions that are throwing the pottery business to Germany, Austria, and Japan. These adverse conditions are wholly the difference in cost of production, represented principally by the difference in wages.

The illuminating facts shown by this table are that while our purchases of pottery from abroad has increased 46 per cent in six years, the American production has increased but 18 per cent during the same period. The increase from Germany and Austria is 52 per cent, and that in imports from Japan 33 per cent. More striking, however, than a comparison by percentage, are the cold facts that the increases in German and Japan lines are represented by \$4,168,000 and \$3,033,000, respectively, while the American increase was but \$2,392,000. This means that our purchases from Japan alone are growing more rapidly than our home production, this in the face of the fact that ten years ago Japan was not counted a competitor.

Mr. William Burgess has prepared an elaborate comparison of pottery costs in America and abroad. Condensed, his tables show that the total cost of producing a like amount of ware is 75 per cent greater in America than in England. In that calculation he gives England the benefit of the doubt in all instances.

His final estimate places the labor cost in America at 111 per cent greater than in England. In the body of his brief he quotes an extract from a report made by John S. Goddard, an English manufacturer, to a board of arbitration sitting upon a recent labor dispute, as follows: "On my works, taking men, women, and children employed, the average wage per head per week for entire year of 1907 was 1 shilling 4 pence." This is equivalent to about \$4.90 per week in American money.

As against this I have made an accurate calculation, based upon the wages paid for the two weeks ending November 7, 1908, by the firm with which I am connected, the Homer-Laughlin China Company, Newell, W. Va. The exact amount of the pay roll was \$21,119.82. During the two weeks covered by this pay roll there was a total of 794 employed. The average wages paid, therefore, was \$26.00 per individual for two weeks, or \$13.00 for one week. This average, compared with that of \$4.90 reported by Mr. Goddard, shows the American wages to be 171 per cent higher than the English, and

this is probably as nearly correct as the more conservative figure of 111 per cent arrived at by Mr. Burgess.

As a matter of information only, it may be well to insert that of the 794 employees in the American pottery above referred to 506 were males, who drew a total wage of \$16,136 for two weeks, being an average of \$15.94 per week per individual.

Two hundred and eighty-eight of these employees were females, who drew a total of \$4,983.49 for two weeks, being an average of \$8.65 per week all around.

The tables of Mr. Burgess bear out a matter of common knowledge, that wages in Austria and Germany are below those of England. In Austria they are somewhat lower on the average than in Germany. An estimate, based upon the statistics, of \$3 per week as an average to all pottery employees of these two countries is probably fair. Upon that basis it is conservative to place the American cost of production as 150 per cent higher than that of Austria, 125 per cent higher than that of Germany, and 75 per cent higher than that of England.

Placed in another form, this might be expressed by the following figures, showing the total cost of producing a given amount of pottery in these several countries:

Austria.....	\$40
Germany.....	44
England.....	60
America.....	100

It should be borne in mind that our purchases from Germany and Austria are almost exclusively china, of which America can produce but little, on account of this low-priced competition. England sends us almost exclusively earthenware, which constitutes also the bulk of the American production. This seems to indicate that the present duty is sufficient to give us protection when our cost is not more than 75 per cent greater than that of the competing country, but when the difference exceeds 75 per cent the business goes entirely abroad.

If these suggestions are kept in sight, our grounds for seeking changes in the pottery schedule will be more readily understood, and it is thought our suggestions will be regarded as exceedingly conservative.

AMERICAN CHINA PRODUCTION.

At the present time I believe there are only five pottery firms in the United States making china tablewares as their principal product and making a comparative success of the business. Two of these are located at Trenton, N. J., two are at Syracuse, N. Y., and one at Brooklyn, N. Y. The china produced by these firms is, to a very great extent, heavy ware for hotel and restaurant use.

In these heavy lines we have a little better chance in competition with Europe, as the cost of the materials is a larger percentage, in comparison to the cost of wages, than in thin table china. Furthermore, the losses in the process of manufacture are not so large as in lighter wares. This has a tendency to place the American manufacturer of such heavy wares more nearly on an even plane with his European competitor. Furthermore, this thick china was originally made by American potteries to meet a peculiar American demand, and

for some years no serious attempt was made to compete in this line by European factories.

Of recent years, however, the Germans and Austrians have been making a special bid for this hotel trade and now threaten to capture it to the same extent to which they have won and held the trade on thin china.

Approximately \$1,630,000 in china was produced in America in 1901. Six years later, in 1907, this had increased only to \$1,930,000. During that same period the total sales of china in the American market increased not less, at wholesale prices, than \$6,000,000. Of this increase it will be noted the American potter enjoyed but \$300,000, while the remaining nineteen-twentieths of the increase was enjoyed by the foreign potteries.

A few American potters, whose principal line is earthenware, are making some fine thin china in a tentative way as a side line, more to demonstrate their ability to produce such goods and for the benefit of the advertisement that follows rather than with any idea of making those wares at a profit.

LOW PRICES ON FOREIGN CHINA PROHIBIT AMERICAN PRODUCTION.

From time to time during the past twenty years some fifteen other American potteries have undertaken the manufacture of thin china tableware. With one or two exceptions they succeeded in producing a high-grade article, equal in merit to the best from abroad, but not one succeeded in making this china at a cost low enough to compete with foreign china. After a brief experience these potteries abandoned the line, usually after a severe financial loss.

While, as stated above, there are five plants in this country now making a certain kind of china, with some success commercially, there have been within my recollection seven other potteries designed and built in this country specially for the purpose of manufacturing china. Technically each of these seven was a success, but financially each was a disastrous failure. All of those factories are now either idle or occupied in making some other line. Not a single piece of china is being made in one of them to-day. The attempt to meet German and Austrian prices meant ruin.

The following are copies of letters briefly stating the experience of some of the firms who have undertaken the manufacture of china:

SEBRING, OHIO,
November 16, 1908.

MR. W. E. WELLS, *Newell, W. Va.*

DEAR SIR: Answering your letter of November 14, requesting a brief statement of our experience in making china. In 1903 we designed, built, and equipped a pottery plant at an investment of a little over \$200,000 for the special purpose of manufacturing vitreous china tableware similar to that imported in quantities from Germany and Austria. As you know, we succeeded in making a first-class product, which in style and quality was accepted everywhere as being on a par with the most popular imported lines.

It developed that the cost of manufacture largely exceeded our estimates, and that we could not afford to market the line in competition with the German and Austrian china. The same class of

goods was being sold freely by the importers at from 10 to 25 per cent below our actual cost of production.

The factory was equipped in such a way as to give us the advantage of every known economy, and we resorted to every possible method to cheapen the cost, but after operating the plant for eighteen months we were compelled to abandon the effort, and found that during that period a loss had been sustained of upward of \$30,000, counting nothing for depreciation of plant, interest on investment, nor our own time.

The experiment was convincing that at the prevailing cost of American labor it is not possible to produce china here in competition with the foreign product. Since china was discontinued, we have used the plant in making common opaque earthenware.

Yours, truly,

(Signed)

THE SEBRING POTTERY Co.,
FRANK A. SEBRING, *President.*

EAST LIVERPOOL, OHIO,
November 16, 1908.

MR. W. E. WELLS, *Newell, W. Va.*

DEAR SIR: In response to your request for some information with reference to the career of the Dresden China Company, of Salineville, Ohio, I beg to submit the following:

I organized a company in 1903 for the purpose of manufacturing vitreous china. The plant was built at Salineville, modern and complete in every respect, and specially designed for making china. We were successful in producing an excellent line of vitreous ware, which was pronounced by the trade as equal to the Austrian china imported principally for the use of the hotel and restaurant trade. It was found, however, that the cost of manufacture was such that the line could not be sold at competitive prices without a heavy loss. After attempting to meet trade conditions for some six months, the attempt was given up and the factory closed. It has remained idle ever since.

The investment altogether was approximately \$112,000, no part of which has ever been returned to the stockholders. The best price that has been offered for the plant since it has been idle is \$25,000, so that a loss was sustained of upward of \$80,000, plus the interest on the money invested for five years.

We demonstrated to our complete satisfaction that under the present rate of duty it is impossible to make china in this country and pay American wages to compete with the imported article.

Yours, truly,

(Signed)

W. H. DEIDRICK.

EAST LIVERPOOL, OHIO,
November 17, 1908.

MR. W. E. WELLS,
East Liverpool, Ohio.

DEAR SIR: We inclose herewith seven sheets giving statistics of the comparative cost of producing china and semiporcelain according to our own experience. We have no means of giving the actual per-

centage of increased cost of the whole product, but when we entered into the investigation, as shown by the figures inclosed, we were astounded when we found the facts as shown by these details.

We made china ware from 1890 until 1903. We were conscious all along that there was an apparent loss, but did not fully wake up to the fact until near the close of the term in which we made these goods, and we ceased making them solely because we knew then that we were losing money.

We feel sure that you will be able from your extended experience in kindred lines to demonstrate that vitrified goods, such as those which were made by us, cost largely in excess of the cost of producing white granite or semiporcelain, and we should say at a venture that the difference would approximate 40 per cent, at least.

Trusting these statistics may be of value, we are,

Very truly,

THE KNOWLES, TAYLOR & KNOWLES COMPANY.
JNO. N. TAYLOR, *President.*

HOTEL CASWELL,
Baltimore, Md., November 20, 1908.

MR. W. E. WELLS,
Washington, D. C.

DEAR SIR: Your letter of recent date from East Liverpool, Ohio, inquiring as to our progress in the production of thin china has been forwarded to me for reply.

I am pleased to report to you a complete triumph, mechanically, and am ordering sent by express from the factory a number of samples for your inspection, which we are sure will sustain our claim of success.

For the last eighteen months we have been marketing an extensive line of white china vases for hand decorators, which have received the highest indorsement from this scrutinizing class of customers; indeed, many have been so extravagant in their praise as to say that our china, in their judgment, surpasses anything they have ever used in either French or German, but this high praise is usually appended with the observation that if we could only meet the prices of imported wares they would use large quantities annually.

We are therefore confronted with the discouraging fact that so long as we are obliged to meet foreign cheap labor with high-priced American labor, we can do little more than please our vanity in producing a limited quantity of choice china, and continue our effort on earthenware to sustain our investment.

You will observe from the samples of dinner ware submitted that they are equal to any and superior to most all imported lines of table china ware. We are producing ware of this character in commercial quantities, and have a goodly stock of many of the items of a dinner set in our bins.

We recognize, however, the folly of converting our entire plant into the production of this grade of ware in the face of German and Japanese competition under the present tariff schedule.

Our investigations along this line developed these facts: A fair grade of white German china can now be had on the American mar-

ket by the retail dealers for about \$7 per 100-piece dinner set. We will not concede that this is as high quality ware as ours, but are forced to recognize it as a strong competitive factor, since the average purchaser is not competent to draw fine comparisons of merit. It therefore governs in a general sense and becomes the unit of competition.

Now, the truth is that by most careful factory economy and with extraordinary good fortune against losses, which can never be predetermined, we can not place this dinner set on our wareroom floor for less than \$7, exclusive of overhead expense.

With this profitless promise before us you can readily understand why we are not now and do not expect to develop our china business under the present conditions. Undoubtedly if an adequate protection were afforded us against cheap foreign labor, we would immediately throw our entire factory into the production of true china, such as we are now making in a limited way.

The ineffectiveness of the present tariff measure is manifest in the instance cited and can be explained by the fact that the present measure was made to remedy an inequality of labor between the United States and England, which inequality is widely different from the ratio now existing between the United States and the country at issue. To show how absolutely insufficient is the present legislation, we refer you to the \$7 dinner set, the cost of which is composed of two items, approximately as follows:

Labor, 70 per cent, or	\$4.90
Material, 30 per cent, or	2.10
Total	7.00

Assuming that the foreign material is the same (while statistics show that foreign material is from 20 to 30 per cent less), the item of material would be represented by \$2.10. German pottery labor is about one-third that of the United States, and would therefore be equivalent to \$1.63 on this dinner set, making the total factory cost \$3.73. Add to this amount an ad valorem duty of 55 per cent, or \$2.05, it would make a total of \$5.78, or, in other words, more than 17 per cent less than the home cost of production.

It is evident, therefore, that in order to place the American potter on an equal basis of competition with the German product, it would be necessary to increase the duty about 17 per cent ad valorem and institute some effective method to guarantee the collection of all that duty.

We do not think, however, that this would be wise legislation, as an ad valorem duty would operate on fine and expensive ware at the same percentage and materially increase the cost of a class of ware with which we do not compete.

A more equitable and sensible remedy can be accomplished by putting on a specific duty, in addition to the present ad valorem, which could be assessed per pound weight. In our opinion, this specific duty should be:

On white china, 2 cents per pound, avoirdupois.

On decorated china, 8 cents per pound, avoirdupois.

Under a protection of this kind the American potter would immediately take his place with other successful and progressive manufac-

turers of the United States. Without it he can never enter the battle of foreign competition except there be a great convulsion of labor interests, in which American pottery laborers would be reduced to near the same level as those with whom he is in competition.

Trusting our interest will receive deserved recognition, we are,
Very truly,

THE POPE-GOSSER CHINA COMPANY.

C. F. GOSSER, *Secretary and Treasurer.*

CHINA AND EARTHENWARE CLASSIFIED TOGETHER IN DINGLEY BILL.

Under the present tariff laws china and earthenware are combined in one paragraph and are assessed one omnibus rate of duty, but, as described above, they are essentially different products, bearing but little relation to each other in the cost of production, which, presumably, is the main consideration in fixing tariff rates. It would seem there is as much reason why they should be assessed in separate paragraphs and at separate rates as there is that plate glass and window glass should be assessed separately, or that silks, woolens, and linens should be covered by separate paragraphs.

The purpose in referring above to the principal points of difference between earthenware and china was to indicate that in case they are assessed under separate tariff schedules the government examiners will experience no difficulty in distinguishing them. This statement may readily be corroborated by an inspection of samples of the two lines.

It is well within the facts to say that if they are assessed together any rate sufficient to enable the American potter to compete in making china must be high enough to absolutely shut out foreign earthenware. On the other hand, if the rate is low enough, as it is now, to let in foreign earthenware, it will be low enough to absolutely prohibit the making of china in this country.

SEPARATE CLASSIFICATION SUGGESTED.

Therefore the only possible way to keep our markets open to fair competition from abroad in both china and earthenware and at the same time give our home manufacturers a fair chance to meet that competition on an equal footing in both china and earthenware is to classify them in separate paragraphs and to assess such separate duties as the distinct conditions surrounding the manufacture and sale of these different commodities may indicate to your judgment as fair and reasonable and in harmony with the duties levied on other products.

SUGGESTED DUTY ON EARTHENWARE.

If this contention is granted and the two lines are separated in the new bill, then we beg to recommend that the present ad valorem duties on white and decorated earthenware shall remain as they are specified in the Dingley bill, with the additional provision that a certain specific rate be established to apply only when the ad valorem

duty calculated under the law shall fall below the equivalent of that specific duty, which specific duty shall be the minimum.

The specific rates suggested for this purpose are $1\frac{3}{4}$ cents per pound avoirdupois on white earthenware, including the weight of package and packing material, and $2\frac{1}{4}$ cents per pound on decorated earthenware, including weight of package and packing material.

These rates figure within the present ad valorem rates as applied to English earthenware of standard quality and are suggested only as a safeguard against extreme undervaluations; against the probability that the manufacture of earthenware will soon be largely increased in countries of Continental Europe, where wages are materially below those of England, from whence nearly all imported earthenware comes to-day; and against the possibility of closeouts, job lots, and bankrupt stocks being dumped in this market at ruinous prices.

There is an immediate and special necessity for such provision, inasmuch as the earthenware industry, has, within the past few years, been rapidly developed in Holland and in Germany, at a scale of wages against which England and America are powerless to compete. A systematic and persistent attempt has been and is being made to overwhelm the American market with the product of those potteries.

DUTCH AND GERMAN CUPS AND SAUCERS.

Cups and saucers are the great staples in pottery. White cups and saucers from those Dutch and German factories have been brought here in immense quantities at a declared valuation of 19 cents per dozen against the cheapest cup and saucer of the same character from England, at 32 cents per dozen, and against the cheapest of the same style that can be made in this country, at 52 cents per dozen. Now the present ad valorem duty of 55 per cent added to that valuation of 19 cents brings the price of those Holland cups and saucers to only a little over 30 cents per dozen laid down in New York. Under these conditions it is easy to see what becomes of our market on cups and saucers costing 52 cents.

The importation of these goods was vigorously contested on the grounds of undervaluation, and the price was materially advanced by action of the New York Board of Appraisers. The importers, however, have reopened the question and should they ultimately win out, it would speedily follow that plates, bowls, and a full assortment of articles made in earthenware would be added to the lines produced by these Holland potteries and brought to this country on the same ruinous price basis as the cups and saucers, in which event an ad valorem duty of 55 per cent would become utterly innocuous.

No method suggests itself as an effective and reasonable protection against this contingency other than the establishment of a minimum specific duty as above proposed.

INCREASED DUTY ASKED ON CHINA.

Upon white and decorated china we solicit an increased duty, upon the following grounds:

The low labor cost of making this china abroad, the resulting low valuation declared at our ports of entry, and the insignificant duties paid permit the importer to lay down German china at his ware-

house in New York at about the actual cost of making American earthenware, while some special articles, such as sugar bowls, spit-toons, salads, etc., in German china, are freely marketed in this country at less than the first cost of producing the same things in earthenware at American wages.

The women buy the pottery, and every woman recognizes the difference between china and earthenware at a glance, and knows the superiority of the former. At anything near an even price she always buys china. Moreover, as our people grow more prosperous they demand more china and less earthenware. It is a notable fact that the retail prices on some lines of this china are as low and in some cases lower than those on the better grades of American earthenware. This condition has prevailed but a few years, and as the inevitable result the earthenware business is being crowded back to the cheapest grades. It is not increasing in volume, while, on the other hand, the sales of foreign china have been growing by leaps and bounds.

It thus appears that the immense advantage enjoyed under the present duty by the foreign china makers not only gives them absolute control of the American market for their lines, prohibiting the manufacture of the same goods here, but it enables them to cut into and practically destroy the only really attractive and profitable end of the earthenware business.

By those who do not understand—and that comprises practically the entire population—American potters are criticised because they do not make china, and it is freely asserted that they lack either the knowledge necessary or the enterprise, or both. This is in no sense a just criticism, as the situation is entirely due to inadequate protection; and it is a safe assertion that the business of manufacturing china will never be established in America until either wages are reduced very materially or a tariff levied sufficient to equalize the difference between American and European wages.

LABOR AND RAW MATERIALS.

The two principal items of cost in all manufactured goods are labor and raw materials. In some lines raw materials constitute the bulk of the cost, as in manufactures of gold, silver, copper, etc. In other lines, as woolens, silks, leather goods, fine furniture, raw materials are still an important item, while in still other lines, of which pottery is the most notable example, labor constitutes almost the entire cost, the raw material being the crude clays of the earth—of slight value, indeed.

Now, there is but little difference between American and foreign costs of raw materials, but there is an enormous difference in the labor cost. Obviously, therefore, the degree of protection accorded any given article, to be effective and equitable, must be high or low as the labor cost is high or low, in comparison to the total cost of making that article.

For example, if the labor cost of a certain article were 90 per cent and material cost 10 per cent, with European labor at 75 cents per day and American labor \$3 per day, then 100 per cent duty would manifestly not protect the American manufacturer. On the other hand, if labor cost of an article were only 10 per cent and the ma-

terial cost 90 per cent, then a duty of 20 per cent would probably be ample. That principle of graduating the duty according to the proportion of labor cost has never been fully recognized in any tariff bill as applied to pottery, and for that reason the American potter has never had a real chance. He has never succeeded in making more than one-third the pottery sold in this country, and he never can until he is protected upon that basis.

In the government statistics the production of American china and earthenware is given at a total per annum about equal to the total annual importations of competitive lines. But those figures covering importations are based altogether upon the dutiable values. In order to establish a fair comparison with American production it is proper to estimate the total value of the imported wares as represented by the prices received by the importers from the general retail and wholesale trade. When duty, freight, importer's profits, and incidentals are added the final market value of the goods may conservatively be stated as double the dutiable value.

It is, therefore, well within the actual figures to estimate the annual total paid by crockery dealers to American potters as \$2,000,000 for china and \$18,000,000 for earthenware. It is also conservative to estimate the total paid by china dealers per annum to the importers as \$22,000,000 for china and \$8,000,000 for earthenware.

There is no possible way to verify these figures on imported lines, but no competent judge will say they are too high. It is not improbable they may be as much as 25 per cent too low. But even upon the basis stated it indicates that American potters are doing about two-thirds of the business in earthenware, but only one-twelfth of the business in china, which is of far greater importance. A simple calculation also shows the American potter enjoys only one-third of the total business in the two lines.

Labor-saving machinery.

Another important consideration is the extent to which labor-saving machinery is employed or may be employed. Every such machine reduces labor cost and places the foreign and domestic manufacturer more nearly on the same plane. In making pottery it is not possible to use machinery to an extent to perceptibly decrease the cost. Owing to the delicate and fragile nature of the material an article never leaves the hand of a potter during any manipulation except when it is burning inside the kilns. It may be reasonably described as strictly hand work from the raw clay to the finished product, enhancing labor cost accordingly.

Now, you can run a machine about as cheap in America as in Europe, but you can not run a man as cheap.

Freight rates.

Another point to be considered is, we have no advantage in freight rates. The rates from European factories to some American cities are lower than from East Liverpool, Ohio, to the same cities. The rates to some other points are about the same, and at still other points we have a slight advantage; but, taking the country over, the difference one way or the other does not amount to 1 per cent of the value of the goods.

The situation summed up is this: Other lines of manufacture in this country have the protection afforded by a higher freight rate, by labor-saving machinery, by a high proportion of material cost. The potters have but little advantage on those grounds. They have the tariff only—a tariff of 60 per cent to stand between a German workman at 75 cents a day and an American workman at \$3 a day, and that rate is hopelessly inadequate.

It is no wonder the German manufacturer can sell his china to a New York importer at a profit. The New York importer can pay freight and duty and sell to the Kansas City jobber at a profit, and the Kansas City jobber will make a handsome profit in selling the china to a retailer at Sedalia, Mo., for less money than the first cost of making those goods at American wages.

Upon the grounds set forth, we therefore pray for an added duty on white and on decorated china, sufficient to bring the entire duty up to a point where it will approximately represent the difference in cost of production at home and abroad, and will permit the American potter to make a fair share of the china consumed in his home market.

The factories are built and waiting; the workmen are immediately available; the potters possess the requisite skill and enterprise to instantly take advantage of such an opportunity. Unless it is given now, the making of china in this country will be indefinitely deferred for the favorable action of some future Congress, and china will continue to occupy the unique position it now occupies, of being the only important line of manufactured goods which we must buy exclusively abroad by reason of a prohibitive tariff schedule—prohibitive against the domestic manufacturer.

SPECIFIC DUTY ON CHINA.

If this petition is granted, we recommend that the increase take the form of a specific duty, for the following reasons:

First. China is imported from almost every country of Europe, also from Japan. Cost of production depends upon labor cost, which is not the same in any two countries. Obviously under an exclusively ad valorem schedule the duty on any given article will vary according to the scale of wages paid in the country where produced. For example, a dozen cups and saucers may pay a duty of 50 cents if made in England, while a dozen of the same intrinsic value may pay but 40 cents if made in Germany, and only 25 cents if made in Japan. There is a lack of uniformity in that system which is not far removed from discrimination in favor of the country paying the lowest wages, and, furthermore, it is a constantly disturbing element in the market. The duty is not fixed. It goes up and down as wages go up and down, and the American potter is in the dark, never knowing from one month's end to the next what he has to compete against. This condition may be modified and the duties partially equalized by the establishment of a compound duty, a part of which is assessed on a specified basis of so many cents per pound avoirdupois.

Second. Owing to the endless variety in shape, in quality of material, and in decoration, represented by the china brought to this country, together with irregularity of cost in different countries, no appraiser nor examiner at our ports is competent to pass even approximately upon the accuracy of declared values. This is true no

matter what may be the experience, training, integrity, and natural ability of the appraiser.

UNDERVALUATIONS.

Under the exclusive ad valorem schedule the declaration of values on china is largely regulated by the degree of conscientious respect the importer entertains for our tariff laws. In the past the Government made every reasonable effort to verify values, with only comparative success, but recently such safeguards as we had have apparently been removed by the conditions of the so-called German tariff agreement.

The importer practically returns his own values for tariff taxation, and whether undervaluation is practiced to any considerable extent I am not going to positively assert. But the door is wide open; the opportunity is broad enough for a flexible conscience, and the temptation to at least evade the exact spirit of the law is probably greater than human nature is likely to resist in every case. It may be because it might be done so easily that we suspect so much. At all events, that suspicion is deep seated and seems to be justified by the results of a good many test cases. However, it is not intended to specifically accuse anyone, but rather to express the conviction the majority of importers are conscientious in this respect. Yet we believe there are enough who are not conscientious to practically defeat the intent of the law.

It is clearly desirable to reduce that opportunity and temptation to undervalue to a minimum, and that may be partly accomplished by assessing a part of the duty upon a specific basis.

SPECIFIC RATE ADDED.

If this suggestion is approved, then the minimum specific duty that, added to the present ad valorem duties, will afford perceptible relief from prevailing prohibitive conditions, is a rate of 1 cent per pound, including weight of container and all packing materials, on plain white china, and a rate of 2 cents per pound, including packages and packing material, on decorated china.

This added rate will not noticeably affect the duties paid on strictly art wares, nor on the highest grades of artistic and expensive tablewares. We are not seeking added protection against such lines, as we are not now making them, and probably will not attempt it until after becoming established in the manufacture of the ordinary grades of china. But that specific rate will reach just the line of dangerously cheap china that is doing the damage. It will reach to some extent that Japanese china now paying duties so ridiculously low in comparison with intrinsic value that to call them protection becomes a joke. It will reach those lines of cheap German and Austrian china that to-day are crowding everything else out of the market, and putting American potteries out of business one by one, and it will reach them in a just and effective way that could not be accomplished with any addition to the ad valorem rate within reason.

PREVAILING LOW PRICES IN POTTERY.

The only argument that can be advanced against this change is that it may slightly increase the price to the consumer on a certain line of

china. That same argument might be advanced in opposition to any duty assessed under the entire bill. But there is a special reason why it should not be considered as applied to pottery, in the fact that the present prices on every kind of earthenware and china in common usage are lower than they were ten years ago. On the average they are as low, or lower, than they were under the Wilson-Gorman tariff.

It is a matter of common knowledge that prices have advanced during the past ten years from 10 to 100 per cent on all farm products, and practically all manufactured products, including metal goods and textiles of every nature. This universal advance has carried wages upward with it, and the potters have been obliged to meet that wage increase. Not only do they pay more wages, but the cost of materials and of fuel, the expense of traveling and marketing the goods, have all gone upward, so that the average cost of operation is now something more than 10 per cent above what it was in 1897, with selling prices lower.

This explains why the industry has not prospered during that period. A considerable number of firms have abandoned the business and converted their factories for other purposes. There has been a series of disastrous failures, two of which occurred during the past summer. One of these two failures was that of one of the largest concerns in the country and one long prominently recognized as a leader in the business.

Furthermore, it is a fact known to most men in the business that several others are just now hanging by the eyelids awaiting the action of Congress on this bill.

Now, should this change result in a temporary increase of price to the consumer that increase will be insignificant as compared with the advances that have been general in other lines of manufactured goods and as compared with the increased earnings of the people in every walk of life.

The people of the country have greatly prospered under the operation of the old tariff law, and although that law has resulted in advancing prices of most commodities, the people have enjoyed corresponding increases of wages and an abundance of work. They have indorsed that system at the recent election, and it would not be consistent to single out the pottery business as the one that must meet the increased costs resulting from these conditions and not be given the corresponding opportunity to make the goods.

We do not want to be considered as begging favors, but only as seeking exact justice.

Appended in parallel columns are shown the wording of the present schedules applying to pottery and the suggestive wording for the new schedules.

EARTHENWARE AND CHINA.

Present law.

Par. 95. China, porcelain, Parian, bisque, earthen, stone, and crockery ware, including clock cases with or without movements, plaques, ornaments, toys, toy tea sets, charms, vases, and statuettes.

Proposed law.

Par. 95. China, porcelain, Parian, bisque, stone, and crockery ware, commercially known, stamped and sold as such, composed of a vitreous, vitrified, or nonabsorbent body, glazed or un-

painted, tinted, stained, enameled, printed, gilded, or otherwise decorated or ornamented in any manner sixty per centum ad valorem; if plain white and without superadded ornamentation of any kind fifty-five per centum ad valorem.

glazed, including clock cases, with or without movements, plaques, ornaments, toys, toy tea-sets, charms, vases, and statuettes, painted, tinted, stained, enameled, printed, gilded or otherwise decorated, colored or ornamented in any manner in or upon the body or glaze, sixty per centum ad valorem and two cents per pound avoirdupois gross weight, including weight of all packages and packing material; if not decorated, colored or ornamented in any manner, fifty-five per centum ad valorem and one cent per pound avoirdupois gross weight, including weight of all packages and packing materials.

Par. 96. All other china, porcelain, Parian, bisque, earthen, stone, and crockery ware, and manufacture thereof, or of which the same is the component material of chief value, by whatever name known, not especially provided for in this act, if painted, tinted, stained, enameled, printed, gilded, or otherwise decorated or ornamented in any manner, sixty per centum ad valorem; if not ornamented or decorated, fifty-five per centum ad valorem.

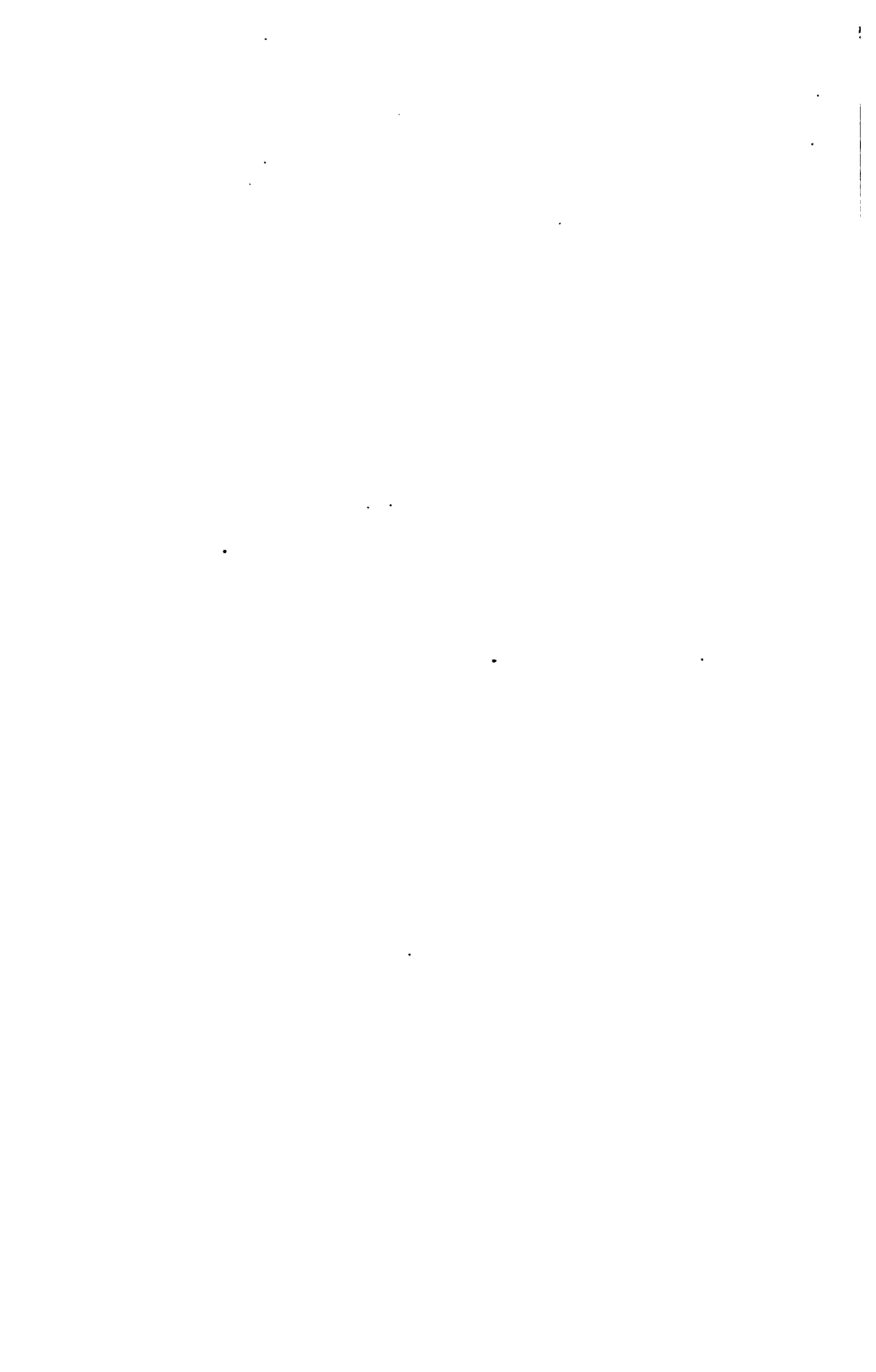
Par. 96. All other china, porcelain, Parian, bisque, stone, and crockery ware, composed of a vitreous, vitrified, or nonabsorbent body, glazed or unglazed, or manufacture thereof, or of which the same is the component material of chief value, by whatever name known, not especially provided for in this act, if painted, tinted, stained, enameled, printed, gilded, or otherwise decorated, colored, or ornamented in any manner in or upon body or glaze, sixty per centum ad valorem and two cents per avoirdupois gross weight, including weight of all packages and packing materials; if not decorated, colored, or ornamented in any manner, fifty-five per centum ad valorem and one cent per pound avoirdupois gross weight, including weight of all packages and packing material.

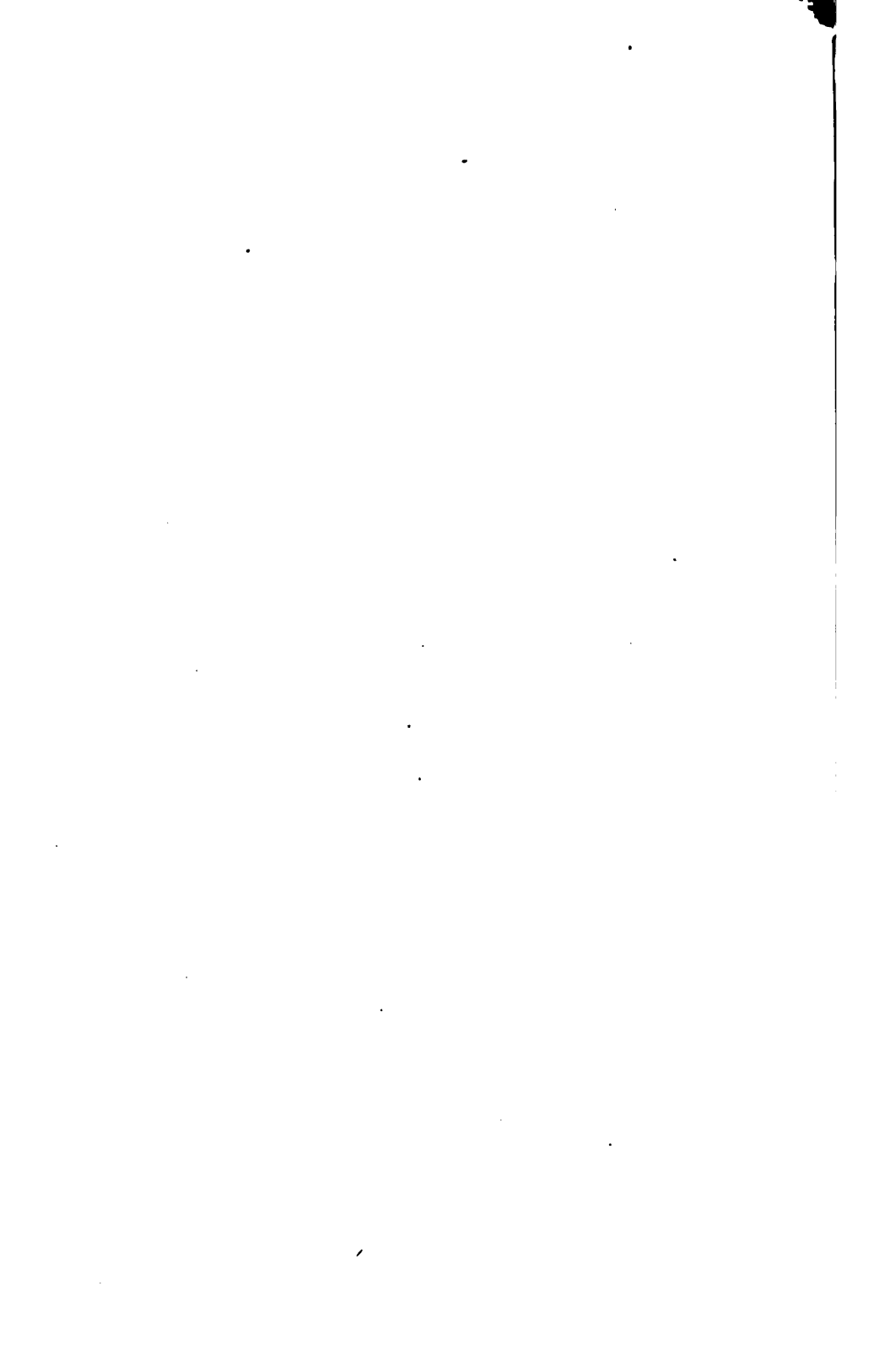
Par. —. Earthenware, bisque, and crockery ware, commercially known, stamped, or sold as such, composed of a porous or absorbent earthen body, nonvitreous or unvitrified, including clock cases with or without movements, plaques, ornaments, toys, toy tea sets, charms, vases, and statuettes,

painted, tinted, stained, enameled, printed, gilded, or otherwise decorated, colored, or ornamented in any manner in or upon body or glaze, sixty per centum ad valorem; provided such duty shall not be in amount less than two and one-quarter cents per pound avoirdupois gross weight, including weight of all packages and packing material; if not decorated, colored, or ornamented in any manner, fifty-five per centum ad valorem; provided such duty shall not be in amount less than one and three-eighths cents per pound avoirdupois gross weight, including weight of all packages and packing materials.

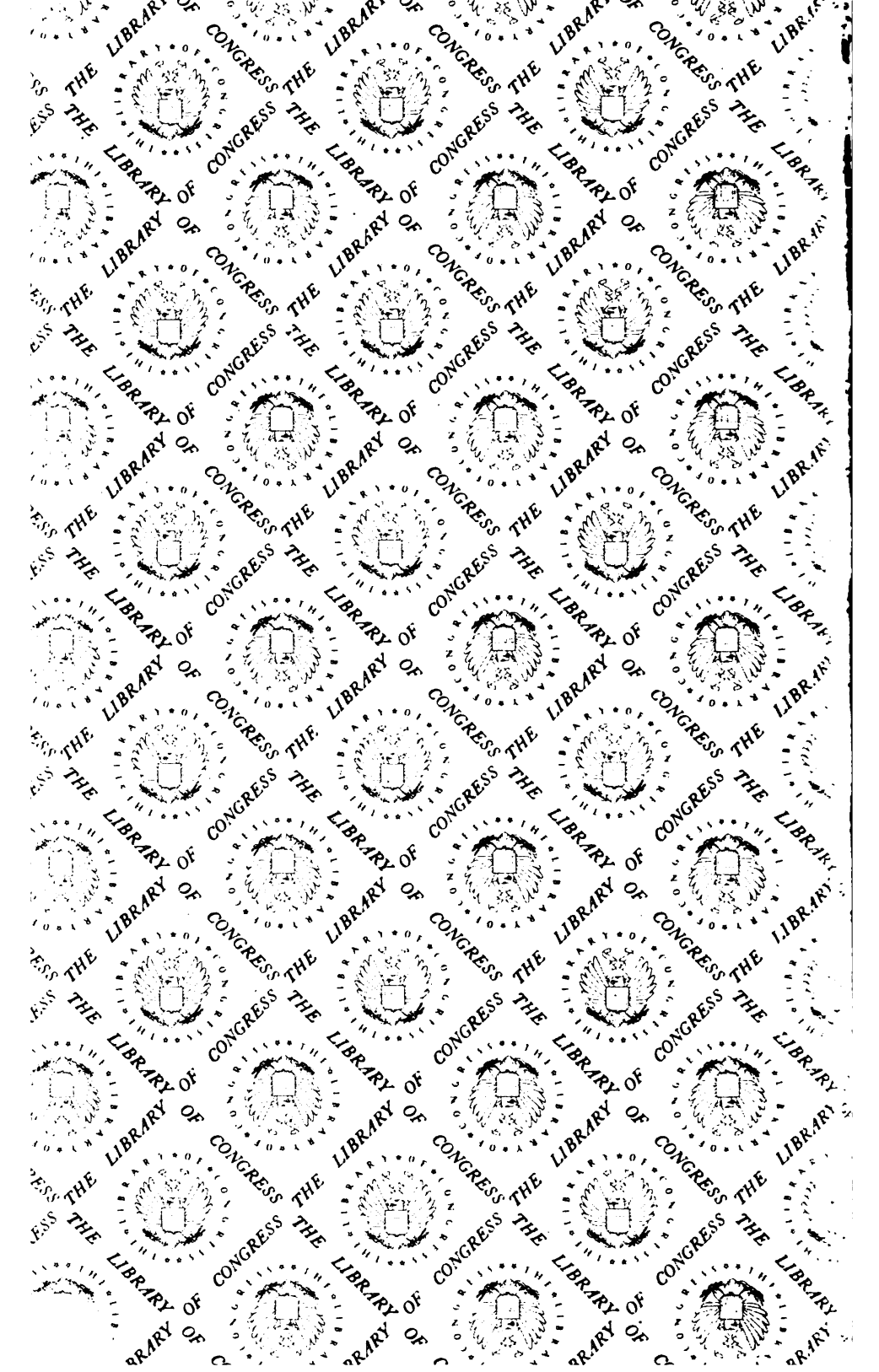
Par. —. All other earthenware, bisque, and crockery ware composed of a porous or absorbent earthen body, nonvitrified, glazed or unglazed and manufactures thereof or of which the same is the component material of chief value by whatever name known, not especially provided for in this act if painted, tinted, stained, enameled, printed, gilded or otherwise decorated, colored or ornamented in any manner in or upon body or glaze, sixty per centum ad valorem, provided such duty shall not be in amount less than two and one-quarter cents per pound avoirdupois gross weight, including all packages and packing material; if not decorated, colored or ornamented in any manner fifty-five per centum ad valorem, provided such duty shall not be in amount less than one and three-eighths cents avoirdupois gross weight, including weight of all packages and packing materials.

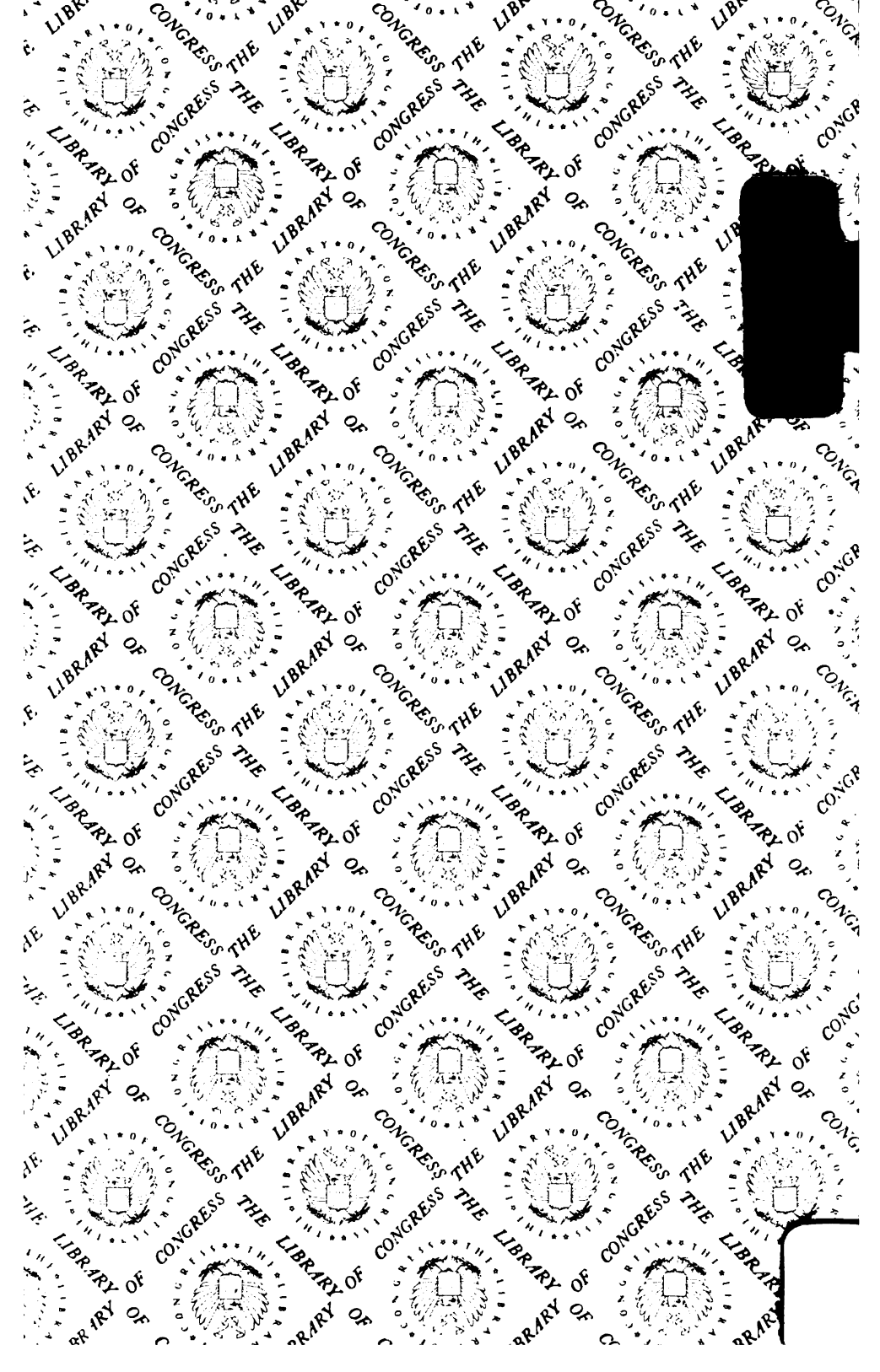
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